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NEWS SUMMARY

GENERAL

Ministers to refute Heath's criticism

Ministers are planning a campaign to refute Mr Edward Heath's demands for a reassessment of Government economic policies and a return to consensus politics.

Meanwhile, Mr Roy Jenkins made a direct appeal to Tory dissidents to join the Social Democrats as two more Labour MPs joined the party. Back Page; SDP conference, Page 9

Solidarity threat

Poland's Solidarity union called at its national congress in Gdansk for a public trial of former Communist leaders and threatened a national warning strike over recent price increases.

Rapier blow

Nigeria looks set to buy the Franco-West German Roland ground-to-air missile, dashing British hopes of selling its Rapier system. Page 5

Ships damaged

Three ships flying Western flags were damaged when Iraqi helicopters attacked the Iranian port of Bandar Khomeini three days ago.

Crew rescued

A Royal Navy crew of five whose helicopter ditched off the coast of Georgia was rescued by a U.S. Coastguard helicopter.

Soldiers released

More than 1,000 soldiers who served in the army of deposed Uganda dictator Idi Amin were released from jail in Kampala.

Sergeant cleared

Army Staff Sergeant Brian Proctor was cleared in Maidstone of trying to smuggle a general's port and wine through British Customs.

Arsonist jailed

Bricklayer Thomas Gallagher was jailed for seven years in Dublin for his part in a £2m arson attack on Killean Castle, Co Meath, in support of the Maze prison hunger strike.

Egg men fined

Four men who took 171 eggs from the nests of protected wild birds, including the red kite, were fined a total of £1,250 at Aberystwyth.

Teacher fired

Teacher Bridget Parsons, jailed for six months for her part in the Birmingham race riots in July, was dismissed from her job.

Lower lifestyle

Average living standards dropped sharply in the second quarter to the lowest since the end of 1978. Page 6

Donor licence

Driving licences are to be redesigned to contain a detachable donor section so that motorists can sanction the medical use of their organs after death.

Briefly . . .

Two Britons were among 17 victims of Tuesday's Dutch airliner crash.

Belgian postmen were told to cycle on short deliveries to save energy.

Queen opened the Princess of Wales wing of Fremantle Hospital, W. Australia.

Three Lithuanians were jailed for up to 15 years for collaborating with Nazis in World War II.

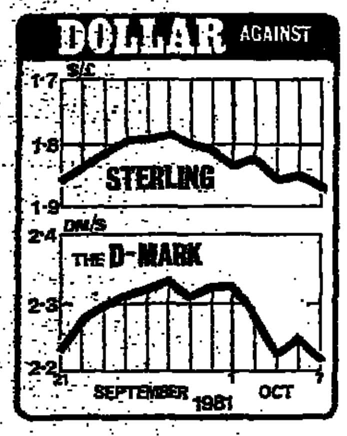
Ghana Education Minister W. C. Ekow Daniels was dismissed for breaching Cabinet secrecy.

BUSINESS

Sterling rises 2c; gilts add 0.61

● STERLING rose 2 cents to $1.869, but fell to DM 4.1475 (DM 4.17) and FFr 10.39 (FFr 10.405). Its trade-weighted index was 88.4 (88.2). Page 27

● DOLLAR lost ground on easier U.S. interest rates, closing at DM 2.219 (DM 2.255), FFr 5.5625 (FFr 5.635) and Y228.25 (Y230.4). Its trade-weighted index was 107.4 (108.3). Page 27



● GOLD fell $5.5 in London to $444.5. In New York the Comex October close was $444.4. Page 27

● SHORT-TERM UK money rates fell sharply, with seven-day money down nearly 1 percentage point at 15¾ per cent and three-month sterling interbank rates slipping half a point to 16¼-16¼. Page 27

● GILTS strengthened on easier money rates; the Government Securities Index rose 0.61 to 63.56. Page 40

● EQUITIES remained volatiles, with the FT 30-share index recouping most of Tuesday's losses by rising 11.7 to 486.7. Page 40

● WALL STREET was up 9.61 at 865.87 near the close. Page 31

● WEST GERMAN interest rates are expected by Chancellor Helmut Schmidt to fall in stages in the next nine months.

● OECD nations except Japan agreed new conditions for medium- and long-term loans to support capital projects in developing countries. Back Page

● MICHELIN, the French tyre producer, was fined £375,000 by the European Commission for operating a Dutch distribution network designed to deter competitors. Back Page

● BL's share of the new car market reached 23.9 per cent last month, its highest since January 1979. Page 6

● P&O agreed to defer closure of its Belfast to Liverpool ferry route until November 11.

● CONSOLIDATED Gold Fields won permission from the U.S. Federal Trade Commission to raise its stake in the Newmont Mining natural resource group. Page 26

● DEALINGS in shares of Wall Street broker Dean Witter Reynolds were suspended amid speculation of rival bids from Sears Roebuck and Connecticut General. Page 28

● LEGAL and GENERAL Group is pulling out of the Australian general insurance market after heavy losses. Page 26

● CHRISTIE'S International, the fine art auctioneer, reported first-half pre-tax profits down 10 per cent to £3.26m. Page 24; Lex, Back Page

● HIGGS and HILL, the construction and property company, lifted first-half pre-tax profits from £802,000 to £1.54m. Page 25

● FOSTER BROTHERS Clothing Company saw pre-tax profits for the half-year to August 31 fall from £3.12m to £1.22m. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Ocean Transport	103	+ 8
Treas 11¾pc 1991	£81¾	+ 1¾	Plessey	310	+ 10
Blue Circle	450	+ 12	Racal Elec	415	+ 15
Bowater	213	+ 8	Rosehaugh	275	+ 30
British Aerospace	190	+ 8	Utd Carriers	142	+ 12
Caffyns	126	+ 8	Warren Plants	241	+ 16
Comb Eng Stores	39	+ 3	Burmah Oil	113	+ 5
Dawson Intnl	119	+ 6	LASMO	505	+ 35
Farnell Elec	455	+ 20	Tricentrol	248	+ 12
Glaxo	390	+ 12	Ultramar	460	+ 15
Greycoat Estates	170	+ 20	Blantyre	77	+ 7
Hallite	210	+ 6	McLeod Russel	312	+ 22
Hawker Siddeley	288	+ 10	North Broken Hill	169	+ 6
Heath (C. E.)	285	+ 10	Western Mining	288	+ 5
Higgs and Hill	127	+ 12	FALLS		
Holt Lloyd	58	+ 6	Babcock Intnl	84	− 4
ICL	39	+ 3	Cullen's A	148	− 12
ICI	262	+ 12	Foster Brothers	56	− 6
JB Holdings	62	+ 10	Hambro Life	347	− 18
Legal and General	228	+ 5	Gld Mns Kalgoorlie	500	− 15
MEPC	210	+ 7	Ranfontein Ests	£30¼	− 1½

MUBARAK PRESIDENTIAL NOMINATION APPROVED BY ASSEMBLY

Egypt moves to assure allies

BY ANTHONY McDERMOTT IN CAIRO AND REGINALD DALE IN WASHINGTON

THE EGYPTIAN and U.S. administrations moved quickly yesterday to assure anxious allies that the assassination in Cairo on Tuesday of President Anwar Sadat was the work of an isolated group of soldiers and did not involve any foreign powers.

The assurances came as the Egyptian People's Assembly, meeting in emergency session for the second time yesterday, approved the nomination of Vice President Hosni Mubarak to succeed Mr Sadat.

Cairo and Washington were at pains to dispel fears that radical Arab countries, including Libya, opposed to the Egyptian-Israeli peace treaty were behind the killing. Both Gen. Abdel Halim Abu Ghazalla, the Egyptian defence minister and Mr Alexander Haig, the U.S. secretary of state, dismissed the possibility.

General Abu Ghazalla said in Cairo that the troops who turned their guns on Mr Sadat at Tuesday's military parade were "an individual group not even related to any group or country."

Mr Haig said in Washington that while there had been a long history of Libyan interference in Egypt, there was no evidence pointing to the involvement of Colonel Muammer Gadaffi's regime in the outrage.

The attack had been carried out by a "narrow group," he said. U.S. intelligence reports indicated that the attack had been the work of fundamentalist religious fanatics—centred primarily, but not execlusively, in certain Egyptian military units.

Western diplomats believe the assassination was a single isolated incident and not part of a broader conspiracy. They said there was no parallel attacks in other parts of the country to indicate a co-ordinated effort to take over power. The most likely group identified as possible perpetrators of the killing, was an extreme Islamic religious sect called Al Takfir wa'l Higra (Repentance and Flight). In 1977 this group kidnapped and killed Sheikh Mohammed al Zahabi, a former Minister of Religious Endowment.

It has a religious philosophy which includes violence. The diplomats said the interrogations of the assassins held in custody suggested hey belonged to this group.

In Washington the Administration swung its full backing behind the new Egyptian leadership and warned foreign powers not to try to manipulate events in the country.

Mr Haig. said Mr Sadat's death made progress in the Camp David Middle East peace process—and the proposed U.S. sale of sophisticated Awacs early warning radar aircraft to Saudi Arabia—even more vital than they had been before.

In Jerusalem the Israeli cabinet held an emergency session and decided to seek an early meeting between Mr Menahem Begin and Mr Mubarak to clarify the new ruler's attitude towards the peace agreement. Mr Begin will attend Mr Sadat's funeral on Saturday.

Mr Haig is to lead an unusually high powered American delegation to Mr Sadat's funeral after U.S. securit agencies reocmmended that President Ronald Reagon should not go to Cairo, the White oHuse said.

Mr Haig told a Washington news conference it would be a tragic distortion if opponents of the $8.5bn (£4.5bn) aircraft sale to Saudi Arabia used Mr Sadat's death to reinforce their claims that the Middle East was too unstable an area in which to base the Awacs. Assassination was not a uniquely Middle Eastern phenomenon, he pointed out.

There was evidence yesterday that these arguments were beginning to take hold in Congress, which has hitherto looked likely to veto the deal. Mr Ted Stevens, the Republican whip in the Senate, where the key vote will take place, said a number of senators who had

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General holds the key, Page 14

Regan and Fed clash openly on credit control

BY DAVID LASCELLES IN SAN FRANCISCO

THE WHITE HOUSE and the Federal Reserve Board were in open disagreement last night over the U.S. Central aBnks' handling of monetary policy, though tactics rather than strategy were the issue.

Mr Donald Regan, Treasury Secretary, and Mr Paul Volcker, the Federal Reserve chairman, gave conflicting readings of money supply growth and its implications for the economy in speeches to a convention of over 13,000 bankers.

Their statements brought to a head a simmering dispute over whether the Fed should ease its tight grip on credit in the light of the economy's weakness. But neither side semed willing to back down.

Mr Regan has been increasingly critical of the Fed in the last few days. Yesterday he used his strongest tones yet to state the Administration's view that the Fed is being too restrictive in its control of the money supply and that this will jeopardise economic growth at a time when the economy is, at best, flat.

He specifically attacked the Fed's policy of keeping MIB, the narrow measure of money supply, at levels below its official target range of 3.5-6 per cent this year. This had kept money supply growth "sluggish," Mr Regan said. Instead, he called on the Fed to bring MIB within the range it had set.

Mr Regan was, however, at pains to stress his support for the Fed's broad strategy. He said he still backed the Fed's attempts to control inflation and he did not want it "to step on the gas."

"The upshot of all this is that we still support the steady slow growth of the money supply as represented by the Fed's target range as a necessary policy for bringing inflation down. We simply want the path to be one of growth as we are in a flat period in our economy."

But Mr Volcker stuck to his guns and refused to agree that control of money supply growth was too restrictive. He even suggested it would be dangerous to ease up now.

"Let me not leave any lingering question in your minds," he said. "The Federal Reserve has not intention of backing away from its commitment to reduce inflation by restraining and disciplining the process of money creation. We intend to see it through."

Rebutting Mr Regan's contention that money supply growth was too slow he said that the measures were growing "reasonably in line with our expectations."

Mr Volcker described Mr Regan's simular utterances earlier in the week, when he called on the Fed to increase the money supply and stmiulate growth, as "unusual but not unprecedented." But, he added, he had no reason to believe the Administration was reversing its support for the Fed's basic policies.

He said that while inflation was easing, the battle was far from over. He was particularly concerned about next year, he said, when many large wage negotiations including those of the Teamsters and the auto workers come up. This would be "the testing period."

Mr Volcker also appeared not to share the White House's fears for the health of the economy. It was certainly sluggish and moving sideways rather than forwards, he said, but it would be premature to say it was in recession.

Mr Volcker did comment, though, that the U.S.'s economic problems were being aggravated by difficulties with the budget, and he urged Congress to balance its recently enacted tax cut with equal reductions in Federal spending.

Treasury borrowing this year would absorb about half of all net new saving in the country, he said, placing a strain on the capital marekts.

Fed urged to ease curbs on money supply, Page 3

Volcker 'worry'

Mr Paul Volcker, chairman of the Federal Reserve Board, said he was worried about the deterioration in the capital position of some of the largest banks in the U.S. and urged them to use every opportunity to strengthen it.

Mr Volcker's remarks were a reflection of the concern felt for some time by U.S. bank regulators over the steady erosion of U.S. banking strength. His tone suggested he felt record high interest rates and rapid changes in the banking industry were adding to the pressures.

Mr Volcker said that since 1970 the ratio of equity to assets—a key measure of the strength of a bank — had dropped from 5.34 per cent to 4.12 per cent at large banks. While he welcomed the efforts of some banks to correct this slippage, the problem caused him "unease."

ICL prepared for equity links with collaborators

BY GUY DE JONQUIERES

ICL, BRITAIN'S large computer manufacturer, will be prepared to consider forming equity links in the next few months with companies with which it has reached collaborative agreements.

Announcing details of a collaborative agreement with Fujitsu of Japan in London yesterday, Mr Christopher Laidlaw, ICL's chairman, said his company hoped to carry out a capital restructuring operation early next year.

"Some of our collaborators may express interest at that time in going further. You've only got to take a short look at our balance sheet to see that we won't reject them out of hand."

But there is no specific provision in the agreement with Fujitsu for any equity purchase by the Japanese company, which will supply advanced technology and microchips to be used in ICL's new range of large computers.

Mr Robb Wilmot, ICL's managing director, said yesterday Fujitsu's big computer technology was the best in the world. It would enable the British company to accelerate the development of its products without having to make major financial investments.

ICL has agreed to market two very powerful Fujitsu computers designed to compete with machines made by IBM, the world market leader. This is a new departure for ICL, which has sold only computers which are technically compatible with its own product line.

Mr Wilmot expects strong demand for large computers compatible with IBM machines. ICL will market the Fujitsu computers worldwide except in the U.S., Japan, Spain and West Germany, where Fujitsu alreday has a distribution deal with Siemens.

The Fujitsu agreement, which has been strongly encouraged by the Government, is intended to help ICL to remain an independent manufacturer of big computers while freeing its development resources for other projects like microcomputers, office systems and data communications.

The agreement will run initially for seven years, but ICL hopes it will be extended well into the 1990s.

ICL recently signed another collaborative deal to manufacture and market a powerful microcomputer developed by Three Rivers, a small U.S. manufacturer.

The British company is expected to announce further collaborative ventures soon. One is likely to be with a European partner for the production of personal computers and the other with a North American manufacturer in communications.

Mr Laidlaw is keen to enlarge ICL's shrunken equity base as soon as possible. Earlier this year he persuaded the company's banks to convert into preferred shares part of their loans covered by the Government's £200m guarantee, but he appears reluctant to initiate further discussions pending a [illegible] of ICL's trading prospects.

ICL reported a £33.9m trading loss in its first half, ended March 31, and is believed to have continued to lose money since, despite a stringent cost-cutting programme involving 5,200 redundancies.

The Government's guarantee on the bank loans and preferred shares is due to expire in March 1983. Some City analysts said yesterday that unless ICL's results strengthen appreciably in the coming months some shareholders may seek an extension of the guarantee before agreeing to subscribe to a fresh ICL equity issue.

The Government is due to review ICL's financial position later this year.

Editorial comment, Page 22
ICL's bold risk, Page 8

Control of Warren won by McLeod

By John Moore

McLEOD RUSSEL, the plantations group which has been fighting for control of Warren Plantation Holdings, the tea producer, gained control of Warren in London yesterday by a margin of a few shares.

The surprise twist in the bid battle, which has lasted barely a week, came after the Warren Board had recommended acceptance of an offer worth £25.25m from the Danish plantations group, International Plantations and Finance, late on Tuesday evening.

McLeod had already built up a 46 per cent shareholding in Warren, which has tea and coffee estates in India, Kenya, and Papua New Guinea, as well as rubber, oil palm, and cotton plantation interests in Indonesia and Australia.

But under the new rules established by the Council for the Securities Industry, the City of London's self-regulatory

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Reaping the plantation, Page 26

£ in New York

—	Oct. 6	Previous
Spot	$1.8470-8500	$1.8585-8605
1 month	0.07-dis flat	0.05-0.05pm
3 month	flat 0.10pm	0.15-0.25pm
12 months	0.50-0.30pm	0.70-0.90pm

London Stock Exchange chief to help Hong Kong authorities

BY RICHARD LAMBERT, FINANCIAL EDITOR

MR ROBERT FELL, chief executive of the London Stock Exchange, is being seconded to Hong Kong for six months while the colony recruits a new commissioner for securities.

The previous commissioner, Mr Uisdein McInnes, has resigned suddenly. A member of his staff said he returned to his office this week having been on leave since August.

Mr Fell said yesterday the Hong Kong Government had asked the London Stock Exchange about 10 days ago for assistance at a very senior level until a permanent commissioner could be recruited.

In view of the close links between Hong Kong and London, and the importance of the post not only to Hong Kong but to the international market in securities, the council of the Stock Exchange agreed to release him.

Mr Fell will oversee a market which has been going through a volatile period even by Hong Kong standards. Share prices have fallen nearly two-fifths since July, and the Government is in the process of devising new laws to bring more order into the securities business.

Prominent among its plans are the unification of the four stock exchanges, important changes to the takeover code, and regulations demanding the disclosure of shareholdings and share dealings by directors, senior executives, advisers and major shareholders of companies.

All the measures have been unpopular, and are at a crucial stage. Unification of the stock exchanges will not take place until 1984, but the elections for officials of the unified body will take place later this month. Disclosure legislation is at the drafting stage, and the publication of a revised takeover code has been delayed since July.

Mr Fell has been chief executive of the stock exchange for seven years. Before that he was head of the exports credits guarantee department. He has played a leading role in the stock exchange's defence against the Office of Fair Trading's attack on its rule book.

This case is in a quiet phase at present. The Stock Exchange made its statement of case in March, and the Office of Fair Trading will not make its response until early next year. No court action is likely before 1984.

Mr Fell will take up his duties —which will give him statutory authority—in mid-November. In his absence Mr Jeffrey Knight, a deputy chief executive of the Stock Exchange, will be acting chief executive.

Land plan to cut Hong Kong speculation, Page 4

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For latest Share Index phone 01-246 8026

Delors encouraged after talks on wage restraint

BY TERRY DODSWORTH IN PARIS

THE FRENCH Economics Minister, M Jacques Delors, has established the broad basis for voluntary wage restraint.

Following talks with the Minister, the leading trade unions stressed that while they would not accept any pay cuts, they were prepared to limit wage claims to a level which goes no further than maintaining purchasing power.

The negotiations follow the Government's post-devaluation decision to aim for a reduction in the inflation rate next year from the current 14 per cent to 10 per cent. Wage restraint is seen as an essential part of this package, which will be accompanied by a range of price controls.

Agreement with the unions is being keenly sought by M Delors, the architect of several anti-inflationary wage agreements in the early 1970s, in his efforts to achieve the maximum benefits from last weekend's European currency re-alignments. These changes effectively devalued the French franc against the West German D-Mark by 8.5 per cent, giving France a considerable advantage against its main trading partner.

As the Government has also embarked on a reflationary economic programme designed to stimulate demand at home, there is some concern that inflation could accelerate, undermining the competitive advantages achieved through the devaluation. The Government's strategy, therefore, is to restrain wages and keep prices in check, thus giving an additional boost to exports.

M Delors was clearly encouraged yesterday by his discussions with the unions, who have shown widespread sympathy with his aims. Even the Communist-led CGT, traditionally the most militant of the unions, has given a guarded welcome to his plans, saying that it was ready to discuss wages within the framework of a "real maintenance of purchasing power."

The problem the Government will face will be to translate these sympathetic sentiments into sound anti-inflationary agreements. All the unions have made it clear that the price for their co-operation will be exceptional measures for low-paid workers, enabling them to improve their relative position, along with the continuance of the system of free collective bargaining.

These two condtions, both of which M Delors said were acceptable yesterday, clearly give the unions a great deal of negotiating flexibility. They could also lead to some inter-union rivalry if the attempt to up-grade lower paid workers hits white collar employees in the high salary brackets.

PROSPECTS FOR GENEVA ARMS TALKS

U.S. sees Europe's missiles as 'firebreak'

BY BRIDGET BLOOM IN WASHINGTON

THE U.S. will seek significant reductions in the numbers of Soviet nuclear weapons deployed in Europe when it opens arms control negotiations with the Soviet Union in Geneva next month.

According to General Edward Rowny, President Reagan's chief arms control negotiator, the U.S. Administration will also insist on much tougher verification measures than those embodied in previous arms control agreements.

Gen Rowny, who was speaking in Washington to a group of visiting European officials and correspondents, said he believed there were "peripheral indications" that Moscow might be prepared to discuss such conditions when talks open in Geneva on November 30 to limit so-called theatre nuclear weapons in Europe.

Gen Rowny, who has a reputation as a hardliner on arms control, declared that as the U.S. saw it, the primary objective of the North Atlantic Treaty Organisation's decision to deploy new cruise and Pershing missiles in Europe to match the Soviet SS20 missiles, which is to be the subject of the November 30 talks, was to "assure the concept of deterrence as far as we can." The aim was "to prevent a nuclear war from happening or, if it happens, from expanding."

It was hard to see, Gen Rowny added, how the Geneva negotiations could succeed unless Nato proceeded with its decision to deploy, beginning in 1983, the 572 cruise and Pershing missiles in five European countries, including Britain.

The Soviet SS20 missiles posed a significant threat to Europe, he said. Each SS20 had the destructive capability of one U.S. Minuteman intercontinental nuclear missile.

"What the modernisation is attempting to do is to provide U.S. forces at some U.S. expense to strengthen and bolster Nato forces." This, Gen Rowny said, would provide "another rung on the ladder" of deterrence.

But if there was an outbreak of nuclear war, Gen Rowny said, the presence of the U.S. cruise and Pershing missiles in Europe would mean: "We don't go automatecially to thinking about the huge intercontinental exchange." The new U.S. missiles based in Europe would be a "firebreak."

Gen Rowny went on to say that given Nato determination to deploy the cruises and Pershings, "the Soviets will agree to either freeze or hopefully reduce those SS20s."

However, his remarks, both on the conditions for arms control and on the deployment of the new U.S. missiles seem bound to be controversial in Europe, where the Governments of Holland, Belgium and West Germany, in particular, are under increasingly heavy pressure to refuse to accept their deployment.

Gen Rowny's suggestion that the missiles would act as a firebreak could reinforce European fears that the Reagan Administration believes a nuclear war could be fought in, and limited to, Europe.

On arms control, Gen Rowny denied that the U.S.'s conditions were so tough as to virtually ensure Soviet rejection. Previous attempts, such as that by President Car in 1977, to achieve deep reductions have met a Soviet stonewall, as have attempts to reinforce verification procedures

Gen Rowyn would give no timetable for the duration of the Geneva talks, nor for the opening of talks on long-range strategic nuclear weapons. It was intended that such Salt, or Start (strategic arms reduction instead of arms limitation) talks would also take place in Geneva, though separately from the negotiations on theatre weapons.

£1.5bn public investments frozen

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government yesterday announced a freeze on FFr 15bn (£1.5bn) worth of public investments planned for next year in an attempt to show that its reflationary budget will be kept tightly under control.

The announcement forms part of a number of measures designed to accompany the franc devaluation package of last Sunday. These include price controls of varying intensisty over a wide range of services and products, as well as moves to establish a policy of voluntary wages restraint.

The Government's overriding aim, with this policy, underlined in a statement after yesterday's Cabinet meeting, is to cut inflation from the current rate of almost 14 per cent to 10 per cent in 1982. This reduction is regarded as essential to preserve the trading advantages achieved by the devaluation.

The investment freeze seems to have been introduced partly for the psychological impact of showing that the Government is serious about hitting its spending targets.

Government expenditure next year is expected to go up by 27 per cent to FFr 788bn, but there has been widespread comment indicating that these targets will not be met. Virtually every budget in recent years has gone well over its upper limit.

Pierre Mauroy: serious about targets

The Government said yesterday ,however, that it was establishig a special new organisation under the Prime Mniister, M Pierre Mauroy, to monitor public spending and prevent overruns.

Among other measures approved by the Cabinet yesterday were:

- A freeze on prices in the service industries at the level achieved at the beginning of this month. Any infringement will be taxed, although the Government says that there is the possibility of negotiating moderate increases during the last thre months of the allotted period.
- A similar freeze on prices of some essential foodstuffs—bread some essential foodstuffs—bread, milk, butter, margarine, sugar and coffee—for three months.
- Sanctions against illegitimate trading mark-ups.
- An effort to stabilise or even cut wholesale prices of certain mass consumption products will be demanded from distribution companies.
- A recommendation to maintain the annual rate of increase for industrial goods at 8 per cent.
- A slowdown in the rate of rent increases, which will be limited to 80 per cent of the annual rise in the construction price index.

The state will limit price increases in the public sector to between 8 and 10 per cent.

Bank takeover doubts renewed

BY OUR PARIS STAFF

UNCERTAINTY about the French Government's bank nationalisation plans was renewed yesterday when the parliamentary committee which has been examining the Bill threw out the controversial clause requiring the resale of banks' industrial shareholdings.

The resale clause has already caused lengthy problems between the Government and the Council of State, the official advisory body on new Bills. As a result of the council's doubts about this measure, the Government hardened up its commitment to sell off these shareholdings, owned mainly by the Paribas and Suez banks, within a year of the takeover of the parent company.

Despite this concession, the clause has created further argument at the committee stage, where the various political parties are represented. To cut short discussion—the Bill is due to be debated on October 13—the committee decided to abandon it altogether, meaning that the industrial shareholdings could now stay under the control of the banks.

Announcing the decision yesterday, M Michel Charzat, the Socialist committee chairman, made clear that the way was being left open for a new, redrafted clause to be inserted by the Government.

But the committee's move permits more legal arguments with the Council of State, as well as a further struggle within the Socialist Party over the extent of the bank nationalisation measures.

Some Socialists would like to see more sweeping control of the banks' industrial subsidiaries than is advocated in the Bill.

Victory claim by KGB

By David Satter in Moscow

GENERAL Semyon Tsvigun, deputy head of the KGB security police, has claimed success in the battle against organised political dissent but says that the level of subversive activity against the Soviet Union is increasing.

Writing in the theoretical journal, Kommunist, Gen Tsvigun said that the KGB had succeeded in bringing to trial the most active "anti-social elements" and had carried out "prophylactic work" with those who were misled.

Gen Tsvigun, who is understood to be the brother-in-law of Mr Leonid Brezhnev, the Soviet President, said that Western intelligence services had hoped a leader or leaders would emerge in the Soviet Union to organise a struggle against the Socialist system.

But as a result of measures taken by the KGB, these people "failed to set up a cohesive organisation on the basis of anti-Sovietism" despite significant material and moral support from the West.

Gen Tsvigun was apparently referring to the various dissident groups in the Soviet Union which, during the past five years, have attempted to monitor Soviet observance of the Helsinki accords

The elimination of these groups, which gathered material on Soviet human rights abuses and attempted to make it available to the West, was accomplished by the arrest of most members, the exile of a few to the West and, in the case of the Soviet Union's best known dissident, Dr Andrei Sakharov, his exile to the closed city of Gorki.

Gen Tsvigun implied that anti - Soviet organisations abroad were now seeking new subversive methods, and their activities against the Soviet Union had incerased with the rise of international tension.

Census tension in Italy's South Tyrol

BY RUPERT CORNWELL IN ROME

ITALY'S forthcoming national census, the first since 1971, is causing increasing tension between the ethnic Italian and German-speaking groups in the country's northernmost province of Alto Adige, or South Tyrol, bordering Austria.

The new source of controversy, in a region which has suffered this year from renewed violence between the two communities, is the census obligation to declare membership of one of the three language groups: German, Italian, or Ladine (a Latin language patois spoken by about 15,000 people in Alto Adige).

The declaration, under present plans, will be binding for 10 years. Upon the outcome will depend the proportional division of public administration posts and the structure, among other things, of the local education system.

In recent years the German-speakers have steadily been increasing their majority in the province, whose capital is Bolzano, (or Bozen). On the basis of the previous census German speakers numbered 260,000 compared with 138,000 Italian-speakers and 15,000 Ladines.

As the ethnic German community has successfully fought to extend its autonomy and status, fears have grown that many bilingual but ethnic Italians may identify themselves in the census as German-speakers to enjoy the greater opportunities and influence of the latter.

These factors have contributed to an increasing number of incidents and provocations since the start of 1981—so far without loss of life or serious injury. The latest was a claim yesterday, happily unfounded, by an extremist German-speaking group that it had poisoned one of Bolzano's water supply ducts with typhus bacilli.

At the other extreme, Italian "patriots" have been carrying out protest actions to defend what they see as their threatened position and to contest the thinly-veiled nationalism evident on the German side.

Alto Adige has been a political football between Italy and Austria throughout this century. It returned to Italian hands after the First World War, only to be virtually annexed by the Third Reich in 1943. Its current autonomous status within Italy is guaranteed by an Italo-Austrian agreement of 1946, but the desire of its German-speaking population to rejoin Austria has never disappeared.

Sig Luigi Petroselli (left) Communist Mayor of Rome since 1979, died suddenly yesterday after a heart attack, less than three weeks after being re-elected to his post, our Rome Correspondent writes.

His death at the age of 49 has deprived Rome of a quiet-spoken administrator whose talents were being increasingly appreciated

Sig Petroselli was only confirmed in office at the head of a new Left-wing city administration after delicate negotiations which at one stage seemed likely to have repercussions for the five-party national Government headed by Sig Giovanni Spadolini.

Honecker takes salute at anniversary parade

BY LESLIE COLITT IN BERLIN

EAST GERMANY held the Warsaw Pact's biggest military parade outside the Soviet Union on its 32nd anniversary yesterday. Its latest Soviet-type tanks, artillery and missiles were on display.

The show of military strength in the centre of East Berlin was reviewed by East Germany's leader, Herr Erich Honecker, who said that his country was strengthening its defences because of the "imperialist challenge."

The East German leader shared the platform with the commander-in-chief of the 380,000 Soviet troops in East Germany, General Mikhail Zaitsev ,and the Soviet ambassador, Mr Piotr Abrasimov.

Crack units of the East Germany army and navy led the parade, which included the latest Soviet T-72 tanks, anti-aircraft and anti-tank missiles and what were officially described as "strategic and tactical missiles" on rocket transporters.

Some 20,000 East Berliners lined Karl Marx Boulevard after being urged to show their "solidarity with our national people's army." They were also invited to attend a torchlight tattoo and a ceremonial changing of the guard in Unter den Linden.

East Germany's government news agency, ADN, meanwhile continued its commentary on the planned anti-war demonstrations in Bonn this Saturday, which if said would be the "biggest peace manifestation in the history of West Germany."

The purpose of the demonstration would be to condemn the North Atalntic Treaty Organisation's planned deployment of new U.S. nuclear missiles

Galicia poll provides test for Spanish parties

BY ROBERT GRAHAM IN MADRID

SPAIN'S major political parties have begun campaigning for elections to a new Parliament in Galicia, the first electoral test since the abortive February coup. The outcome of the elections, Sr Leopoldo Calvo Sotelo, widely expected to determine the nature and extent of a Cabinet reshuffle.

The result could also have an important bearing on the timing of Spain's next general elections. Leopoldo Calvo Sotelo, the Prime Minister, insisted this week that elections would not be held early, before 1983. But, there have been persistent reports that elections could be held either in March or in the early autumn of 1982.

The presence of Sr Calvo Sotelo campaigning in Galcia this week has underlined the importance of the elections there. He completed a three-day visit to the province yesterday and is clearly making the poll a test of his own political standing.

This reflects in part a change of style by Sr Calvo Sotelo compared with his predecessor, Sr Adolfo Suarez. But it also underlines his desire to project the image of a man firmly in control after the February coup attempt and the subsequent divisions within his Union of the Democratic Control which have begun to emerge.

Galicia is a largely backward agricultural region with a high degree of emigration. It has the highest electoral abstention record in Spain. When Galicians were asked to endorse their autonomy statute last December there was a 71 per cent abstention rate among the electorate of 2.1m.

The major parties are trying hard to encourage a higher voter turnout.

Joergensen prepares to shuffle the pack

BY HILARY BARNES IN COPENHAGEN

MR ANKER JOERGENSEN, Denmark's Prime Minister, has had second thoughts about his threat to call elections. But the threat alone was symptomatic of uncertainty surrounding the ability and determination of politicians to solve the country's seemingly intractable economic problems.

Ever since the voters returned 11 parties to the Folketing, Denmark's Parliament, in 1973, running the Government has been a nightmarish experience. Mr Joergensen, who has headed minority Social Democratic administrations continuously since 1975, appears to have come close to running himself to a standstill in Parliament toing and froing.

Even if he refrains from calling an election now, difficulties in Parliament remain so wearing that an election may not be long delayed.

Both the Social Democratic Party and its trade union supporters, who rely for a majority in Parliament on three small centre parties, are frustrated and restive at the constant need to defer to their interests.

The Prime Minister is clearly tempted to try reshuffling the pack one more time in the hope of assembling a slightly more stable majority.

The prospects do not look encouraging, however. One of the 11 parties might drop out in an election, but even with 10 parties there will still be no natural majority of either right or left. Who ever forms the Government—and if it is not the social democrats it will probably be a coalition of liberals and conservatives—will still depend on support from three or four other parties.

Mr Joergensen: running himself to a standstill

In such circumstances, consistent government is difficult to achieve. But consistent government is exactly what current economic problems call for.

A net foreign debt of about Kr 100bn (25 per cent of GDP) leaves the Government with no room for manoeuvre, although the current account deficit, which this year will be about Kr 14.5bn or 3.5 per cent of GDP, is not quite so alarming. For the first time for a generation, Denmark will this year boast a surplus on the balance of goods and services.

Unemployment is running at about 9 per cent, or 11-12 per cent if the 60,000 beneficiaries of a generous early retirement scheme are added to the figure. In spite of a forecast recovery to about 4 per cent growth in 1982, no dent will be made in the unemployment figure.

Agriculture, which accounts for about a third of merchandise exports, is close to bankruptcy. Unless something is done to relieve a murderous debt burden, as many as half the 50,000 farms worked on a full-time basis face foreclosure in the near future, according to some agricultural economists. The villain of the piece is high interest rates, with average effective yields on bonds now close to 21 per cent.

The building industry has already been destroyed by high interest rates. Housing starts may not exceed 15,000 this year compared with a peak of 60,000 in 1973.

Profits in manufacturing industry (the pretax return on sales last year was 2.9 per cent) have fallen so low that the Engineering Industry Association has warned that they are below subsistence level. Industrial investment and profits in real terms are now about half the level of the early 1970's.

The Government borrowing requirement has climbed from zero to a staggering Kr 61bn (15 per cent of GDP) since 1975. In 1982 it is expected to increase to Kr 80bn. Newspapers are currently filled with a lively debate on whether some form of state bankruptcy—in which either the Government is unable to repay bondholders in full, or has to do so by printing the money—can be avoided.

The Government slogan is: "We must produce ourselves out of our troubles." Although there is agreement on the aim, there is no agreement on the means, which is why the country is on the brink of its fifth election in eight years.

The two main opposition parties, the Liberals and the Conservatives, as well as the tax-revolt Progress Party, would like to see substantial cuts in both taxes and public spending in order to ease the financial strain in industry and agriculture.

But the Social Democrats have never quite been convinced that money is better used in the corporate treasurer's box than in the Government's own coffers, where it can be allotted to business at the Government's discretion. This fundamental difference of approach prevents a cohesive policy.

The Government's latest idea is to rescue industry and agriculture by introducing index-linked bonds with a real rate of interest of 2-3 per cent plus an inflation premium. At least in the first years of a loan, the bonds would be a cheaper source of finance than traditional bonds.

But as the real, after-inflation interest on Government and mortgage bonds is now about 10 per cent, the indexed bonds would not be an attractive buy for institutional investors.

It is in trying to make these new bonds more attractive, basically by proposing a tax on interest earned on other bonds, that the Social Democrats have fallen foul of the centre parties upon which they rely for support.

The centre parties say they are not prepared to agree to what is in effect a tax raid on people's savings, even though the Government swears the tax will be temporary, lasting only until interest rates come down.

As an election fought over the issue of a grab against pension rights would probably go badly for the Social Democrats, Mr Joergensen seems to have decided to hold back from an election for the time being.

Election considerations aside, the headaches of the agricultural and industrial sectors will not go away, and must be relieved quickly. Unless the Government can reach agreement with its coalition allies, this seems unlikely to happen.

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Fed is urged to ease curbs on money supply

BY DAVID BUCHAN IN WASHINGTON

Mr Paul Volcker . . . talk of recession "premature"

THE REAGAN Administration has decided that the economic slowdown and the political prospect of mid-term elections, now only a year away, call for the Federal Reserve Board to ease its brake on the money supply. It has designated Mr Donald Regan, Treasury Secretary, to a put a little public pressure on the central bank.

In a rapid-fire series of east and west coast interviews and appearances this week, the Treasury Secretary has been carrying the message that the present tack in Fed monetary policy runs the risk of pushing the country into a prolonged period of non-growth or even recession.

"We as an Administration cannot be content to see the economy stay flat quarter after quarter. We want a growing economy that is producing jobs," he has been saying.

The *Administration* has a 5.2 per cent real growth forecast for 1982 to try to live up to, and the latest job figures—for *September—showed a rise* in unemployment rate to 7.5 per cent.

"Mr Reagan gives the appearance of a man who has caught a faint whiff of smoke and is beginning to wonder, for future reference, where the fire escape might be," the Washington Post said this week. But the Treasury Secretary's nervousness is not entirely shared in the executive. Mr David Stockman, the Budget Director, has said he is not quite as concerned that money growth has dropped below the necessary level to sustain a 1982 recovery.

But the anxiety is spreading in other quarters of the Administration that an economy kept weak by high interest *rates—"stagflation" of* a kind—could end the Republican Party's hopes for further seat gains in November, 1982.

Overall, Mr Reagan insists there is no quarrel with the Fed. The Administration just *wants the* central bank to steer a steady, middle course in money growth, neither expanding it too much nor stifling it.

But the Administration has picked on the recent performance of one money supply measure — M-IB — as evidence that the Fed should now ease off. M-IB, which counts currency in circulation and checking accounts, grew through August at 1.7 per cent at an annual rate, and in fact fell in the latest week ending September *23* for *which* figures were available. This contrasts with the Fed's growth target for M-IB of 3.5-3.6 per cent.

But Fed officials and many outside observers do not see this decline in M-IB as *surprising, as many* Americans have been taking money out of checking and savings accounts and putting it into money market funds which are counted in the broader M-2 measure.

It is, therefore, probably a fair conclusion that the Fed is approximaely on target. Certainly, Mr Regan does not want to take up public cudgels against he central bank. This week he said in Los Angeles: "Both we and the Fed agtree completely — a loose money policy is a losing money policy."

The Treasury Secretary is clearly trying o establish some political credit for the Administration, with he public and the Congress, for any easing in money policy if and when it comes. The *timing of* such a move is equally clearly a bone of contention, with Mr Paul Volcker, chairman of the Fed, *stressing yesterday that it was* premature to say the U.S. was in a recession, as Mr Regan has been heavily hinting all week.

A more generous money supply policy — if it were to speed up the recent slight dips in interest rates—might make it easier for the Administration to get more budget spending cuts through Congress, which has felt inetnse constituency heat over interest rate levels.

The 1981-82 budget, which took effect technically on October 1 with the start of the new fiscal year, is already in a state of near chaos, even by Capitol Hill standards. The Government is operating under a so-called "continuing resolution" which sets spending at last year's levels, until Congress passes the necessary 13 Appropriaions Bills to set new spending levels for federal agencies.

Mr Reagan has asked Congress to make a second round of cuts in 1981-82 spending of around $13bn, which congress has not yet begun to considering. The President has meanwhile said he will veto any Appropriations Bills which "bust the budget's ceilings" he favours.

He may have an early occasion to *wield* his veto, on a $87.3bn Appropriations Bill for education, health, welfare and jobs programmes approved by the House of Representatives on Tuesday night. Moderate Republicans joined Democrats in passing this, but Republican Party leaders warned that the bill, if passed in the same form by the Senate, was a prime target for a presidential veto.

Young in fight to be mayor

Former UN Ambassador Andrew Young and state legislater Sidney Marcus will fight a run-off election to see who will be the next Mayor of Atlanta.

With almost all the votes counted yesterday, officials said Mr Young, former President Carter's chief envoy to the United Nations, had won 41 per cent to Mr Marcus' 38. With no outright winner there now has to be a run-off later this month.

Reuter

Reagan 'still popular with business'

By Ian Hargreaves in Washington

HIGH INTEREST rates and a weakening economy have not dented President Ronald Reagan's image among American *businessmen*, according to an opinion poll published yesterday.

A survey by the Gallup organisation and the Wall Street Journal found that 93 per cent of the heads of large and *medium-sized companies* interviewed approve of the way Mr Reagan is handling the economy.

That compares with a June, 1980 survey, when 87 per cent of businessmen in this *group disapproved of* President Carter's economic policy.

Gallup says the readings on Mr Reagan are among the highest recorded by Gallup for any political figure in any survey. Businessmen back the Reagan economic strategy more strongly even than rank-and-file Republicans surveyed in June.

Small company chiefs, who are suffering more from high interest rates than big corporations, feel slightly less *enthusiastic about Mr Reagan*, but even among these, the Reagan economic plan gets an 80 per cent approval rating.

But the gap between small company leaders and heads of larger corporations comes out more strongly in the part of the survey devoted towards Mr Paul Volcker, chairman of the Federal Reserve.

About 40 per cent of small businessmen said they did not agree with Mr Volcker's tight money policy—which they blame for high interest rates. Two-thirds of medium-sized company heads back Mr Volcker, but 80 per cent of the heads of big companies think he is moving along the right lines. Even among the *heads of major corporations*, however, there has been a drop in the level of support for Mr Volcker in the past year.

Among the elements of President Reagan's policies *and approach most popular* with businessmen are his decisiveness and image as a strong figure, his cuts on government spending and his effectiveness with Congress.

Specific benefits of his policies for business come lower down in the popularity

The survey is based upon interviews with 824 chief executives, including the heads of 110 of the Fortune-500 companies.

U.S. discovers undersea ores

WASHINGTON — U.S. scientists have discovered undersea ore deposits worth billions of dollars in the eastern Pacific. They say the rich lodes of copper, silver and other minerals can be mined easily.

Scientists of the National Oceanic and Atmospheric Administration (NOAA) said on Tuesday that the deposits they discovered in deep dives last month are on the seabed.

"The ores are incredibly rich and they are on the surface around old volcanic vents," said Dr Alexander Malahoff, chief scientist.

AP

Nova Scotia puts its faith in Conservatives again

BY VICTOR MACKIE IN OTTAWA

NOVA SCOTIANS have re-elected a Conservative government in the Province in a crushing victory that reflects strong feeling against Mr Pierre Trudeau and cuts deeply into traditional support for his Liberal Party.

Mr John Buchanan, the Conservative Provincial premier, had called Tuesday's elections on the grounds that after only three years in power he needed *a strong, decisive voice to bargain* for control of Nova Scotia's off-shore resources.

The premier said he wanted his position strengthened in the negotiations with Ottawa.

The Conservatives increased their majority in the 52-seat legislature by three seats, finishing with 37. The Liberals dropped two of their 15 seats and the *New Democratic party* was reduced from two members to one. One independent, a former NDP member, was re-elected.

Mr Buchanan, 50, was declared re-elected 20 minutes after the *polls closed on Tuesday night*.

"We would have been happy to win the same number of seats we had before. I am elated that we've picked up some seats," said Mr Buchanan.

The premier attributed his victory to "good government," his promise of "more of the same" and a strong anti Trudeau feeling in the country.

*Mr Joe Clark, the federal Con*servative leader, telephoned Mr Buchanan with his congratulations. He said the victory was "more clear evidence the Progressive Conservative party is gaining recognition and support as Canada's *only national party*."

Mr Sandy Cameron, Liberal leader since June, 1980, increased his majority to almost 600 votes from 13 in the 1978 election.

"We thought we had some good programmes but we are going to re-think them," he said.

The Tory victory means the Liberal party heads *no provin*cial government in Canada, a fact that Liberals have been worrying about as their popularity is steadily eroded with Mr Trudeau persisting in waging battles with the provinces *over the constitution*.

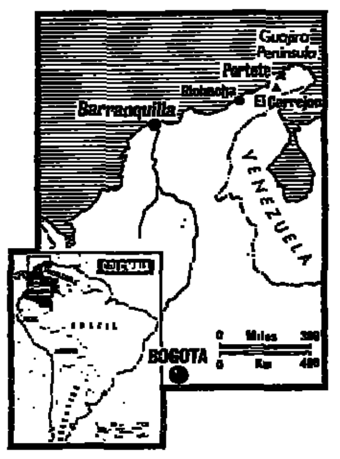
Many of the touchy division-of-powers questions, for example, such as the ownership of offshore mineral resources are not addressed in the constitutional package before Parliament even though the provincial premiers wanted these settled before the constitution was repatriated.

This was a lively issue in the Nova Scotia election and played a major role in Mr Buchanan's victory.

The Buchanan administration has gained popularity steadily *since it defeated* the Liberal government of Gerald Regan in a September 1978, election. Mr Regan is now a member of Mr Trudeau's cabinet.

Sarita Kendall in Bogota reports on plans to open up the Cerrejon region

High hopes for Colombian coal



CONSTRUCTION CREWS forging through the cactus plants of the flat, sunbaked Guajira peninsula, are completing a 100 mile road which will link Colombia's huge El Cerrejon coal deposits to a sheltered harbour at Portete.

This bay, long famous as the country's biggest smuggling dock, is to become one of the world's largest and most efficient coal ports, with equipment capable of loading 150,000 ton *ships at a rate of up to* 10,000 tons an hour.

The coal exports will more than compensate for any loss in contraband income. They are expected to earn Colombia $2.1bn in 1990, and $5.1bn in 2000. *This prospect is* more than welcome at a time when both coffee and industrial exports are stagnant at best, and Colombia badly needs to diversify foreign sales.

There is plenty of interest in the high quality steam coal to be mined at El Cerrejon. According to Mr Leon Teicher, marketing director of Carbocol, the Colombia coal company: "We will be able to sell more coal than we can produce. There is a big increase in demand, and though the growth in supply is more or less parallel, it will be a good market for producers."

Western European Governments, as well as Brazil and *Japan, are negotiating for* long-term contracts and offering financial resources towards development of the mine.

Britain has extended a $400m credit, to be tied to the purchase of equipment. The World Bank is also ready to support the project. One sales agreement, for a total of 27m tons of coal to be delivered over 14 years has already been made with Elsam of Denmark by Carbocol's partner, Intercor.

Intercor, an Exxon subsidiary, carried out a $53m exploration programme in the northern block B of Cerrejon, and found reserves of 1.6bn metric tons to a depth of 200 metres.

The association contract between Intercor and Carbocol has been criticised: some feel the 15 per cent royalty levy (with provision for extra shares, depending on prices and production costs) is too low, that Carbocol should not have to put up half of the $3bn investment, and that the 50-50 production split is too generous. But President Julio Cesar Turbay said recently that the opposition seemed to be based on political rather than scientific criteria, and there would be no changes in the agreement.

The Colombian coal industry has been small and inefficient up to now, and the country has little experience in large mining ventures. Carbocol itself is only five years old, and, apart from the Intercor contract, is handling several other steam and coking coal projects.

A Spanish-Colombian consortium is to begin mining the central zone of Cerrejon next year, reaching a production of at least 1.5m tons in the mid-eighties. Most of this will be *used in local power stations* at first, but if output goes up to 5m tons or more, as is possible, the coal will be exported through Portete.

Production in the northern Cerrejon is due to begin in early 1986 and build up to 15m tons a year. Further expansion is likely, perhaps up to 25m tons.

The road linking the cloalfield with Portete should be finished by the first week of January, 1982, and dredging at the port will start soon, as will work on the railway link. The main contractor, Morrison-Knudsen, is to set up offices in the coastal town of Barranquilla next month. Work on the mine is scheduled to begin next year, using local construction companies as far as possible.

Rail and port facilities alone will absorb $830m of the total investment; and the mine complex another $845m. The plans call for two vast open pits, *worked with giant mechanical* shovels and 154-ton trucks. Although personnel will at first be based in Barranquilla and flown backwards and forwards to Cerrejon, a community at the mine of more than 10,000 people is expected by the late 1980s—signifying investment of another $315m on housing.

Apart from its direct earning potential, the Cerrejon project will channel income through state bodies and give the Government the power to exercise close monetary control.

It will also have a profound effect on the coastal region. Intercor and a plethora of consulting and construction companies will be based in Barranquilla, swelling the city's population. At least 15,000 jobs, over and above the immediate payroll of 4,000, are expected to be generated. Improvement in the area's *communications*, with two new airports and miles of new road and railway, will be significant.

The Cerrejon coal, together with offshore natural gas reserves, the Urra I and II hydroelectric schemes, new thermal power stations and the Cerromatoso nickel deposits, will make the coast an attractive location for export industries dependent on good energy supplies.

Business as usual in Cairo

By Margaret Hughes in Cairo

IN CONTRAST to the immediate response of international markets the foreign business community in Egypt has reacted calmly to President Sadat's assassination. It has been very much business as usual, to the extent that it can be on the eve of the Caurban Bairan, the four-day holiday which marks the main Moslem feast.

Banks were open normally taking their lead from the central bank. The same went for other foreign companies except those which had already closed for the holiday. There was no rush to the banks to transfer money out of the country, in contrast to a few weeks ago when changes in economic policy prompted just that.

Several foreign businessmen said they were extremely disappointed by the death of the man responsible for opening up Egypt to foreign investment.

They appeared reassured by initial Government statements that all ministers would retain their positions.

"We do not expect the open door (to foreign investment) to be closed any more than it seemed already to have been by the Economy Minister's recent tightening of economic policies," one foreign banker said.

There have been no direct contacts yet between Government and business officials, nor were any expected at this stage. As one businessman pointed out: "It is the Head of State only who has been assassinated. There has been no coup d'etat. The Government remains."

Foreign trade is expected to continue normally, although bureaucratic delay is expected to increase while the Government settles into a new era.

It is understood that the visit to Britain planned for Sunday of Mr Hasaballah Kafrawi, the Minister for Housing and Reconstruction, has been cancelled. He was to have signed the financial agreement for the £100m export credit for the Greater Cairo sewage project, for which British companies are expected to be awarded contracts worth some £500m.

Projects which are either on the verge of being implemented or in their early stages and which involve British companies include a £12m battery production plant being built by Chloride, due to open in April next year, and the £25m new Bancue MISR headquarters, which Cementation is undertaking.

Cementation also has the management contract for the construction of the Gezira Sheraton hotel. Laing is involved in a factory for the Arab Organisation for Industrialisation (AOI) which now produces Jeeps but which Volkswagen is planning to use as a base to start its proposed car assembly project.

Egypt army chief holds key to future

BY ANTHONY McDERMOTT IN CAIRO

LOOKING FRAIL and sore, with plaster on his left ear from an injury acquired during President Sadat's assassination, Liet-Gen Abdel-Halim Abu Ghazala, the Egyptian Defence Minister yesterday pledged that "the Armed Forces will always protect Egypt."

He was addressing, painfully and without his usual ebullience, an emergency session of the People's Assembly. Earlier he had issued a statement that "the Egyptian Armed Forces, numbering half a million warriors, loathe this mad crime . . . and determindly remain loyal to the policies of their (late) Supreme Commander."

He must also have been acutely embarrassed, for not only had the largest single organisation in Egypt, under his command on its special day of national celebation, shaken the government to the core, but it was men from the artillery, his own speciality, who had carried out the deed.

This raises fundamental questions about the future of Vice President Hosni Mubarak's Government, which like those of President Sadat and Nasser before him, ultimately depend on the support of the military fo their survival and stability.

Mr Mubarak is, interestingly enough, an Air Force officer by extraction and therefore not as well rooted as most senior Egyptian politicians, who have been mainly from the Army. But he identified the importance of the military during the changeover by not pressing immediately to be made President, but rather to take the position of Supreme Commander in Chief, formerly held by the late Mr Sadat.

Soldiers in front of the review stand when President Sadat was killed

His relationship with the politically astute Gen Abu Ghazala is thus crucial, and it is encouraging for the stability of the regime that they have in the past worked together well.

The Defence Minister is regarded as being a protege of Mr Mubarak. While the former was defence attache in Washington between 1976 and 1979, they constructed the programme with the United States for five years of military assistance.

If this relationship holds, then the Armed Forces will remain a firm basis for the Government. But there must be two basic qualifications.

The first is that in spite of a strong internal security apparatus within the forces, no army, particularly in the Middle East, can be proof against a "colonel's" coup or coup attempt.

Second, Mr Sadat's assassination raises some questions about politicisation and the influence of individuals whether they be Lt-Gen Sa'ad el-Shazli, the former Egyptian Chief of Staff, now head of the Egyptian Liberation Front in exile abroad, or the successors of Hassan el-Banna, the founder in Egypt of the Moslem Brothers. One of the more alarming aspects of Mr Sadat's assassination was the motivation of the suicide squad which killed him.

The most convincing suggestion is that they were motivated by some fanatical fundamentalist Moslem sect, dedicated to remove the man who encouraged Westernisation and cracked down on their own kind last month.

If this is so, then Egypt's internal military intelligence disastrously failed to pick up Mr Sadat's killers even though in the past few weeks the religious credentials of officers and men have been inspected and up to 200 have been arrested.

Inevitably, since the peace treaty with Israel, the military has had to live a different life, involving periods on the borders of Libya and Sudan.

Simultaneously, the standing of the officer corps has fallen. As one defence attache put it: "None of the officers these days want their sons to be soldiers.

Wages and living conditions cause grumbling. A major earns about the same as a secretary, while his brother in the private sector would be earning four times as much. Gen Abu Ghazala is aware of this and of complaints about housing. About 4,000 flats have recently been handed over to officers to be paid for over 30 years, with interest-free loans.

Conscription is also a problem. Most people regard it as a wasteful and underpaid period of their lives lasting for up to three years.

A high proportion of conscripts come from the conservative villages, a fertile area for religious propaganda.

This could provide an important clue to the makeup of four of the men killed or arrested in the assassination, but also involved were a major and a lieutenant.

The accuracy of Gen Abu Ghazala's assessment that "this mad crime was committed by a number fo servicemen that does not exceed the fingers of one hand," remains to be seen.

Israel seeks early talks on peace agreement

BY DAVID LENNON IN TEL AVIV

ISRAEL INTENDS to seek an early meeting between Mr *Menahem* Begin, the Prime Minister, and the new ruler of Egypt to clarify Mr Hosni Mubarak's attitude towards the peace agreement between the two countries.

This emerged from comments made by Ministers here after an emergency session of the Cabinet yesterday which decided that Mr Begin will represent Israel at the State funeral of President Anwar Sadat.

However, the Prime Minister's spokesman said it was not yet clear if Egypt would actually want foreign leaders to attend the funeral because of the security problems involved.

Israel will honour the peace agreement, the Ministers said, but at the same time they were *clearly concerned about* the implications of the assassination on the future of the peace process.

In a telegram of condolences sent yesterday to Egyptian Vice-President Mubarak, the Israeli Prime Minister said: "We are confident that the legacy of peace of President Sadat will live on. He said no more war. Let us have peace for ever. This is the sacred trust we all have to fulfil."

The question of whether the peace agreement can survive the death of its chief Arab architect was uppermost in the minds of the Israelis yesterday. Despite the outward expressions of confidence by Government spokesmen that the peace process will continue, in private *Israeli officials* were clearly racked by doubts.

Israel is particularly worried by the fact that in just over six months it is due to make the final withdrawal from the Sinai peninsula in accordance with the 1979 peace treaty. The concern is whether this period will be sufficient to judge the direction of the new regime in Cairo.

Mr Yitzhak Shamir, the Foreign Minister, said yesterday on his return from the UN General Assembly that if the peace process continues the withdrawal will continue.

The Cabinet yesterday stood in silent tribute to the late Egyptian President before hearing a report from the chief of military intelligence about the developments in Egypt.

Some Ministers expressed the urgent need to discover the mood of the Egyptian Army, especially as it is felt here that there must have been co-operation at various levels in the Egyptian Armed Forces in the planning of the assassination.

There were also many question marks about the degree to which Mr Mubarak is committed to the peace policy of the late President. The Vice-President has generally held himself fairly aloof from the peace negotiations and has only visited Israel once since the Sadat peace initiative.

Mr Mubarak's reassurances that the policies of President Sadat will be carried on are seen here as being more a matter of procedure than any real indication of his intentions. There was also concern about how firmly the new President would be in control of Egypt.

It was observed here that in his few public statements, Mr Mubarak has been more critical of Israel's settlement policy than the late President and that he has also been more forceful in stressing the need to resolve the Palestinian issue.

Mr Yitzhak Navon, the Israeli President, paid a condolence visit to the Egyptian embassy in Tel Aviv yesterday morning. Among the many other callers were the former Foreign and Defence Ministers, Mr Moshe Dayan and Mr Ezer Weizman.

Genscher to meet Mubarak today

BY ROGER BOYES IN BONN

HERR HANS DIETRICH GENSCHER, the West German Foreign Minister, flew to Cairo last night for the first high-level Western contact with the Egyptian leadership since the assassination of President Anwar Sadat.

Foreign Ministry officials said that the Egyptian Vive-President, Mr Hosni Mubarak had invited Herr Genscher to stop over in the Egyptian capital on a return flight from China. The officials refused to disclose the agenda for the talks, but it is understood that Mr Mubarak may use the occasion to reassure the West that it will stick to Sadat's policies in the Middle East.

Bonn and Cairo have been strengthening their links. West Germany recently signed a declaration of intent to sell nuclear reactors to Egypt. Apart from expressing condolences on President Sadat's death, the West German Cabinet yesterday underlined Bonn's continuing interest in the stabilisation of the region.

But while similar sentiments may well assist the U.S. plan to sell Awacs early-warning aircraft to Saudi Arabia, there are growing indications that Bonn will not now supply the 300 Leopard tanks and other support armoured vehicles, requested informally by Riyadh.

Officials have made clear there is considerable opposition to such a deal, although Chancellor Helmut Schmidt has long favoured it as a way of strengthening the security of Saudi Arabia and maintaining the friendship of the Riyadh leadership.

West Germany's tight arms export regulations have been under review throughout the summer and new rules are expected soon allowing the sale of weapons to trouble spots providing that the country is vital to the security of the North Atlantic Treaty Organisation (Nato).

But in the case of the Saudi deal a simple party-political calculation has intervened. The Bonn Government seems to consider that it has enough trouble winning support within the Social Democrat Party for the stationing of new U.S. missiles in West Germany without adding the controversial Saudi deal.

The Saudi deal is opposed both by Left-wing Social Democrats and pro-Israeli elements within the SPD.

Opec price agreement moves closer

BY RICHARD JOHNS, MIDDLE EAST EDITOR

MEMBERS OF the Organisation of Petroleum Exporting Countries are moving towards a realignment of their oil prices and could well reach agreement well before the next ordinary conference scheduled for mid-December.

Prospects for agreement have improved considerably following Iraq's decision to reduce the price of its crude by $2 per barrel in line with a reference of $34 per barrel for the last quarter of 1981 rather than the $36 it set earlier this year.

Iraq proved to beone of the militants at the last Opec conference held in Geneva in August. Its move could prove crucial inb ringing about the $34 compromise sought and expected by Saudi Arabia, industry executives believe.

Speaking in London just over a week ago—before Iraq informed its customers of the price reduction—Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, expressed guarded confidence about the possibility of price alignment "between now and the end of the year."

Heightened optimism about ending the pricing disarray, which has now existed since early 1979, has resulted from quiet but intensive Kuwaiti diplomacy. Sheikh Ali Khalifa al Sabah, Kuwait Minister of Oil, is reported to have held consultations last week with his Algerian counterpart.

Neither Algeria nor Libya has shown any public willingness to lower its top-tier price of $39-40.

Of more critical importance in this context is the position of Venezuela, whose rigid adherence to a reference of $36 at the outset of the last Opec conference was largely responsible for the failure to reach agreement.

Australian workers win A$20 rise

By Patricia Newby in Canberra

AUSTRALIAN industry braced itself yesterday for across the board wage rises of at least A$20 (£12.42) a week.

The country's 30,000 storemen and packers were granted such a rise on Tuesday, virtually guaranteeing that A$20 will be the benchmark for all workers in the wake of the collapse of the country's pay policy.

Storemen, who had been on strike for a week, voted overwhelmingly to accept the rise plus an increase in the minimum wage of A$34.50.

Transport workers recently obtained a similar rise from employers but the Australian Arbitration Commission refused to ratify the decision, saying it was not in the national interest.

The rise was paid by employers, however, after the transport workers staged several national strikes including one lasting three weeks which lead to critical shortages of food, oil and other essentials.

Following this week's rise the minimum rate for a base grade storeman is A$225 and the upper rate is A$300.

Because of Australia's system of national pay rates for each occupation, other unions are expected to move to restore differentials. The *Amalgamated Metal Workers* and Shipwrights' Union will be anxious to attend to the fact that storemen can now earn more than a standard fitter, for instance.

Australia's six-year old pay policy which linked wage rises to the inflation rate was abandoned in July. The Australian Council of Trade Unions immediately announced an industry-by-industry campaign for an A$20 rise and lifted that figure to A$30 after sales tax increases were announced in the August Budget.

Muldoon threat on boycott

By David Tonge

THE COMMONWEALTH summit ended yesterday on a sour note as Mr Robert Muldoon, the Prime Minister of New Zealand, flew out leaving behind a renewed threat to withdraw from the Gleneagles agreement on sporting links with South Africa.

There was a stunned silence at the conference yesterday when a letter from Mr Muldoon was read out. It warned of withdrawal unless other countries call off their threats of a sporting boycott of New Zealand. Various cricket tours of New Zealand are now in question. The 40 leaders at the conference unanimously ruled his letter out of order, however.

Mrs Margaret Thatcher, the British Prime Minister, yesterday told the British Press that *Mr Muldoon had been* "distinctly catalytic and quite lively" in Melbourne. She added pointedly: "I haven't got an election on, thank goodness." New Zealand is to hold elections next month.

Other leaders are furious with Mr Muldoon for distracting attention from preparation for the 22-nation summit on development problems due in Cancun, Mexico, in two weeks' time.

On Sunday Commonwealth leaders issued their Melbourne Declaration, calling for "prompt, practical and effective action" to tackle these problems. Yesterday, their communique said countries meeting at Cancun should commit themselves to resuming the long-standing global negotiations on development at the UN.

The leaders agreed to establish an expert group to study the impact of protectionism on development countries and to increase contributions to the Commonwealth fund for technical co-operation.

Arabs decide to wait and see

BY IHSAN HIJAZI IN BEIRUT

THE ARAB world seems to be ready to give Mr Hosni Mubarak a fresh chance to rejoin its ranks in his leadership of Egypt after the assassination of President Anwar Sadat.

Yesterday the hardline states and the Palestine Liberation Organisation (*PLO*), which reacted *jubilantly* to Mr Sadat's violent death, avoided any criticism of Mr Mubarak, even though in his speech on Tuesday he promised to follow the same policies as Mr Sadat.

Analysts said Arab governments and public opinion may be ready to give Mr Mubarak a period of grace and will, for the time being, simly wait and the time being, simply wait and Press shared the view that the Camp David peace process may have died with Mr Sadat.

A statement by the PLO issued here predicted more blows would be dealt to the *camp David* agreements until "they are crushed."

Mr Yassir Arafat, the PLO Chairman, who was in Peking yesterday, commented that Mr Sadat's assassination had demonstrated that "the Palestine question lives in the consciousness of the Egyptian people."

Radio Baghdad reported that Iraqis had marched in spontaneous demonstrations to show their satisfaction and joy over "the end of the traitor Sadat." A spokesman for Iraq's ruling Revolutionary Command Council said: "Such is the end of all traitors."

In Tripoli, Libyan leader Col. Muammer Gadaffi said henceforth no one would dare follow the Sadat course. He was quoted by the Libyan news agency, Jana, as saying that several Egyptian Government officials have defected to Libya and promised sanctuary to every Egyptian who might want to come to Tripoli.

A senior Palestinian here yesterday discounted as insignificant the many claims made by obscure organisations of responsibility for the assassination of Mr Sadat.

He said the assassination was *caried out by* a secret organisation within the Egyptian Armed Forces. This organisation would be making itself felt in Egypt within the near future, he said.

Terry Povey adds from Tehran: In keeping with its hardline position, Iran's Government has congratulated the people of Egypt for the death of President Anwar Sadat. In a statement, the Foreign Ministry in Tehran claimed that Mr Sadat had been a "traitor to Islam, the Koran, and the ideals of Palestinian and Arab peoples." Mr Sadat "lived and died abjectly and will go to hell."

Iran and Egypt broke off all relations in May, 1979, two months after the Islamic revolution. President Sadat earned the particular wrath of Ayatollah Khomeini's regime by giving sanctuary to the late Shah and his family. Reza Shah II, who claims to have succeeded his father to Iran's throne, still lives in Egypt.

In Tehran the media have carried many attacks on the late Egyptian President and the newspaper of the dominant Islamic Republican Party carried on its front page a picture of the late Shah with Mr Sadat, but printed upside down. The caption below it exclaimed: "The Shah is dead. Sadat is dead. He who licked the boots of the U.S. for years is gone."

Predictably, the criticisms of Mr Sadat centred around his relationship with the U.S. and Israel. However, an underlying

Col Muammer Gadaffi . . . *asylum offer to Egypt*

Mr Yassir Arafat . . . Palestinian question lives on

Ayatollah Khomeini . . . Sadat will go to hell

Land creation plan to cut Hong Kong speculation

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG is to boost land creation and sales in an attempt to lessen speculative pressure on property Sir Murray MacLehose, the Governor, said yesterday. Sir Murray, giving his annual report to the colony's Legislative Council, said the relative stability of the economy was reflected in the balance between demand for and supply of domestic resources, with the obvious exception of housing and land.

Acknowledging that "sharp rises in the cost of accommodation and land, fuelled by the easy availability of credit, have caused considerable distress," he noted that there were signs that some property prices had eased.

Land creation in 1982-83, the Governor said, would be at least a net 580 hectares (1433 acres) and would increase by about 12 per cent in succeeding years. These figures are a huge increase on the level of the late 1970s when low land creation, allowing for time lags, helped inflate the current property bubble.

There was keen interest in the Governor's speech, not least because some economic commentators have claimed that the Hong Kong property bubble has burst in the last month or so, thanks to over-creation of office space and the squeeze of high interest rates, which rose last week.

The Governor said immigration had doubled the rate of population increase to 3.8 per cent a year between 1977 and 1981, and increased the labour force by 7.4 per cent a year.

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Right wing increases vote in South African poll

BY J. D. F. JONES IN JOHANNESBURG

THE RIGHT-WING Opposition party in South Africa increased its vote fractionally in Tuesday's Parliamentary by-election at Piketburg in the Western Cape.

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, had a majority of 6,744 over the candidate of the Herstigte Nasionale Partie (HNP) compared with his predecessor's victory by 6,796 in last April's General Election. The HNP vote rose from 1,215 to 1,225.

Both the National Party and the HNP will probably be disappointed by the result. The Government had hoped to show that the right-wing backlash to its tentatively reformist policies was fading. The HNP had promised to demonstarte that there was a nationwide stream of defections away from the Nationla Party.

Dr de Villiers, as a former Springbok, elder of the Dutch Reformed Church, ambassador to London, and a competent Cabinet Minister, was an attractive and unashamedly "verligte" (reformist) candidate. The HNP fielded the brother of the right-wing Cabinet Minister, Dr Andries Treurnicht.

هكذامن الأحول

Nigeria set to buy Franco-German missile system

BY MARK WEBSTER IN LAGOS

NIGERIA LOOKS set to sign a contract for the Franco-West German Roland ground-to-air missile, dashing British hopes of selling its Rapier system.

The deal is part of an arms buying spree for which Nigeria has set aside Naira 7.3bn (£6bn) in the 1981-85 development plan. In this year's budget alone there is provision in the capital estimates for exependiture of Naira 500m.

The civilian Goverment intends to make black Afria's largest standing army—an estimated 120,000 men — fully mechanised and properly equipped after the previous military government largely neglected them.

A Nigerian official confirmed that the Government had selected the Roland system, but said negotiations were still under way to determine the price and number of mobile units Nigeria would buy.

The Roland is manufactured by Euromissile, a consortium comprising the French company Aerospatiale and the West German Messerschmitt-Bölkow-Blohm. Depending on what modifications the Nigerians will want each mobil unit will cost an estimated FFr 30-50m (£2.8m-£4.8m).

It was chosen against competition from the British offering the Rapier, the French company Thomson-CSF with its Crotale system, and the Soviet Union, which has the Sam-8 and Sam-9 as alternatives.

The Roland's great advantage for the Nigerians is its mobility. Nigeria wants the Roland 2 all-weather missile system, already in use by the West German army, which is a track-mounted vehicle carrying six missile launchers and a radar system.

The Roland has a range of 6-8 km and is effective against low-level air attack. Unlike the Crotale, the radar and missiles are on the same carrier and can be used for protecting moving targets such as an armoured column, or fixed targets such as airports.

The battle is now on for the modernisation of Nigeria's air force which has some 20 MiG-21s and a dozen Alpha jets from West Germany, four of which have been delivered.

The choice is between the British Jaguar, the French Mirage 2000, the U.S. F-15, or the Soviet MiG 23.

Exim backs Taiwan nuclear plant bid

BY BOB KING IN TAIPEI

L. K. CHEN, chairman of the Taiwan Power Company, yesterday said that the U.S. Export-Import Bank has offered the company a $600m loan to support the possible purchase by Taipower of U.S. equipment for Taiwan's fourth nuclear generating project.

The bidding on the fourth project, which closed March 15, included tenders from General Electric, Westinghouse Electric and Combustion Engineering of the U.S., Framatone of France and Kraftwerk Union (KWU) of West Germany. A decision as to the supplier was originally expected by September 15, but Mr Chen said problems of financing and high interest rates have forced the company to delay.

Mr Chen said the Eximbank offer would cover 65 per cent of the cost of equipment that U.S. manufacturers want to sell to Taipower. He said the company would like to see the bank increase that percentage to 75 per cent. The supplier is willing to finance another 10 per cent and Taipower could come up with the remaining 15 per cent, he said.

Should Eximbank insist on providing only 65 per cent of the outlay, Mr Chen said, Taipower would have to seek commercial bank funding at a substantially higher rate of interest for the remaining 10 per cent.

The Taipower Chairman said, however, that the terms of the Eximbank offer have not yet been settled.

Eximbank is willing to offer the funds at an annual interest rate of 10.75 per cent.

The total cost of the fourth nuclear project, including construction of the plant, to be carried out by local Taiwanese contractors, is estimated to be about $1.6bn. The porject is the first to include tenders from European manufacturers.

Rees foresees export drive to Indonesia

BY RICHARD COWPER IN JAKARTA

MR PETER REES, Britain's Trade Minister, yesterday underlined what a growing number of British businessmen believe could mark the beginnings of a sizable new export drive by British companies in Indonesia.

TALKING: Rees

Mr Rees, speaking at the end of a four-day official visit to Indonesia, said it was clear that last year's textile dispute between Britain and Indonesia was over and there were now "good prospects of a expansion of trade and investment" between the two countries.

Before Mr Rees left Jakarta for Britain after a tour which had taken him to four of the five countries comprising the Association of South-East Asian Nations, the Indonesian Department of Defence told BL it intended to buy 900 Land-Rovers worth some £6m in addition to the 1,700 it purchased earlier this year.

Mr Rees indicated that at least two other British companies were poised to win Indonesian Government contracts, while Dunlop recently signed a $150m (£80m) joint venture contract with the Government to make specialised tyre and rubber products.

Mr Rees, speaking after a series of meetings with seven Indonesian Cabinet members, said his talks showed that the textile dispute was "now a long way behind us." The dispute, which at one stage threatened to turn into a trade war between the two countries, is estimated to have cost British companies about £150m in lost orders.

Among the record 60 or so top British businessmen who flew to Jakarta this week for meetings with Indonesian officials and businessmen to coincide with the Minister's visit. There was a growing realisation that the UK had been losing out to Japan, the U.S., West Germany and France on trade and investment opportunities arising out of the recent expansion of Indonesia's economy.

Mr Rees said it was ironical that the widely-publicised textile dispute had "probably served to create more interest by our businessmen in Indonesia than ever before."

In the last 12 months or so Indonesia has awarded contracts worth $8bn, largely to foreign companies. Few of these contracts have gone to British concerns which traditionally preferred to seek business in countries such as Malaysia with which they have had long experience because of past colonial connections.

£9m Soviet tea order

BY ELAINE WILLIAMS

ROSE FORGROVE, part of the Baker Perkins group, has won an order worth £9m for tea packaging machines from the Soviet Union.

This brings the total value of orders from V/O Technoproimport, the Soviet import organisation, to more than £15m since the beginning of this year.

Rose Forgrove, which exports between 60 and 70 per cent of its production, won the order aganist fierce competition from West German manufacturers which already have machinery installed in the Soviet Union.

The company says that the Soviet Union is trying to modernise its tea cartoning industry in an effort to increase packaged tea sales.

Consolidated Bathurst

Consolidated-Bathurst of Canada points out that it is not a leading seller of pulp to Europe, as stated in the Financial Times on September 25. Its proportion of total market pulp sales to the EEC is minute.

Giles Merritt in Brussels sets the scene for talks today between Japanese businessmen and the EEC

Tokyo seeks to allay 'Balkanisation' fears

TALKING: Haferkamp

THEY ARRIVED in Brussels by modest coach, indistinguishable from the air-conditioned charabancs that bowl along Europe's autoroutes. At a glance, most Bruxellois can spot the difference between those filled with holidaymakers and those bearing enraged protesters from Europe's farms or steel mills.

So the bus that arrived from the Netherlands earlier this week filled with Japanese most probably would have been categorised by any passer-by as a coachload of tourists out of season.

The passer-by would never have been more wrong. The senior and distinguished Japanese visitors sitting quietly in their bus were the top executives of Japanese banks with assets approaching the $200bn (£107bn) mark and of industrial corporations whose yearly combined revenues total a further $200bn or so. As a receptive packaging for one of the most high-powered inward missions to Europe mounted by Japan, the bus would be hard to beat.

The companies whose chief executives are in Brussels are the sinew of Japan's industrial might. Leading the mission is Mr Yoshihiro Inayama of Nippon Steel Corporation, and chairman of the Keidanren employers' association, and the rank-and-file members of the group head the following Japanese companies: Nissan Motor, Sumitomo Chemical, Mitsubishi Bank, Hitachi, Ajinomoto, Long-Term Credit Bank of Japan, Marubeni Corporation, Mitsui and Co., Komatsu, Mitsubishi Heavy Industries, Industrial Bank of Japan, Sony, Showa Denko, C. Itoh and Co., Nissho Iwai, Sumitomo Corporation, Mitsubishi Corporation and the Bank of Tokyo.

This morning the Japanese business leaders will be driven to the Berlaymont headquarters of the European Commission for a series of meetings with Commissioners such as Viscount Etienne Davignon, who holds the industry portfolio, and Herr Wilhelm Haferkamp, who handles external affairs, and for talks with M Gaston Thorn, Commission President.

What is not so clear is what they plan to talk about. Although the mission is mounted by the Japanese Government, it has no mandate to conduct negotiations touching on the EEC's worsening trade gap with Japan—up a third this year on last year's deficit and headed for $12bn for the whole of 1981—and a number of Commission officials seem uncertain as to the mission's purpose.

Mission members have made it plain their trip—taking in the Netherlands, Belgium, the UK, France, West Germany and Italy—is not geared to discussion of particular deals or projects.

There is, however, no secret about what their goal is. It is to take a political reading of the EEC and decide whether in the coming years of this decade, the Common Market will be a strong enough free-trade entity to justify Japanese industrial investment. In other words, to assess whether a manufacturing operation in one member state will continue to have as its domestic market the other EEC member states.

Spurred on the one hand by the rising trade tensions over Japanese exports to give careful thought to manufacturing investment in Europe, the Japanese business leaders are on the other hand known to be increasingly worried by reports of growing intra-EEC protectionism. Their mission is to gain reassurance that tales of the "Balkanisation" of the European Commmunity and of the erection of new barriers to trade inside it are exaggerated.

The need to defuse European resentment against Japan's export successes through making direct investments is widely appreciated inside Japanese industry, officials stress.

They concede, however, that the trade gap must on present trends widen inexorably. Japan's imports fluctuate wildly from month to month but it would require staggering increases in the volume of goods it takes to redress the situation in which Europe imports $2 worth of goods for every dollar's worth it exports there.

Keen as Japan is to invest in Europe and refute allegations that it "exports unemployment," its industrial corporations are wary of doing so in an uncertain political climate. They appear particularly concerned over future developments in Britain, where they fear their investments could well be in a country that will once again be outside the Common Market.

This evening the mission leaves Brussels for London.

Steel dumping claim by U.S. denied

TOKYO.—Japan Steel Works yesterday denied a claim by the Lukens Steel company of the U.S. that it had dumped clad plating.

Japan Steel Works, the nation's top producer and exporter of clad plate—carbon steel plate clad with stainless steel plate—was commenting on U.S. reports that Lukens Steel had filed a dumping complaint with the U.S. Department of Commerce and the International Trade Commission (ITC) against the Japanese mill.

Lukens Steel, the third largest maker of U.S. steel plate, alleged that Japan Steel Works was selling clad steel plate at about 14 per cent less than fair market value for three large petrochemical projects in Kentucky, Louisiana and Oklahoma.

Lukens asked earlier this week for import duties to be imposed on Japanese clad plate in the amount equal to the difference between the fair market price and the price asked by Japan Steel Works.

Japan Steel said the amount of clad plate exported by the company is "very small." But he refused further comment saying that the company has not yet received details of Lukens' complaint.

Clad plate is not covered by the U.S. trigger price mechanism, a system designed to safeguard the U.S. Steel industry from the influx of low-priced foreign products.

Agencies

Living standards fall to 1978 level

BY DAVID MARSH

AVERAGE living standards fell sharply in the second quarter to the lowest since the end of 1978. This was the result of climbing unemployment, lower wage rises, and the increase in the tax burden following the March Budget, according to Government figures published yesterday.

The recession also continued to depress the profits of companies outside the buoyant North Sea energy sector, although these now at least seem to have stopped falling after last year's sharp drop.

The figures, from the Central Statistical Office, show that personal disposable income after making allowance for inflation—the best yardstick of living standards—fell 2.7 per cent, seasonally adjusted, in the *second quarter compared with* the first three months.

This followed a fall of 1.7 per cent in the first quarter. The decline of 2.9 per cent between the second quarter and the same 1980 period was the largest year-on-year fall since 1977. Then, living standards suffered a similarly large drop under the impact of the Labour Government's incomes policy.

Living standards rose by an unprecedented 17 per cent between 1977 and 1980. But the latest drop takes real disposable income back to about the same level of the fourth quarter of 1978.

The CSO said the main factors depressing living standards in the second quarter were in*creases* in tax and national insurance contributions, a reduction in employment (although smaller than in the first quarter), and some large price increases on items like petrol, alcohol and rents.

The volume of consumer spending fell by much less than the cut in real disposable income—by about 0.3 per cent compared with the first quarter.

Spending was sustained by the growth in consumer credit lending by banks—which doubled in the second quarter compared with 12 months previously—and a rundown in the savings ratio. This declined to 12.5 per cent from 14.5 per cent in the previous three months, and 16.5 per cent in the final 1980 quarter.

Gross trading profits of commercial and industrial companies, net of stock appreciation, rose to £6.1bn, seasonally adjusted, in the second quarter from £5.9bn in the first and £5.8bn in the same period last year.

This was, however, wholly due to the improved performance of North Sea companies which now make up nearly 40 per cent of all profits. Gross earnings of non-North Sea companies remained at £3.8bn, the same as the first quarter.

BA will match most Pan Am fare cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WINTER fares war on the North Atlantic air route between the UK and the U.S. intensified yesterday. British Airways said it will match many of the large fare cuts announced earlier this week by Pan American.

The Pan Am cuts—to become effective on November 1—*range up to 66 per cent in single* economy class fares between the two countries. British Airways is matching some, but not all, of these.

BA will cut its economy class single rates from London as follows: to New York, from £253.50 to £124; to Washington, DC, from £284 to £195; to San Francisco, from £503.50 to £197; to Seattle, from £440.50 to £230; and to Miami, from £121 to £119. Return fares are double the single rates.

The airline's Super Club single fare from London to New York is being cut from £433 to £315.

This latter fare remains much higher than the Pan Am Clipper Class fare of £253. But BA says it offers a better service, with only six-abreast seating in the Super Club cabin against Pan Am's eight-abreast.

BA's Concorde, first class and Super Club passengers will also be provided free limousine service into New York City.

The fares war, sparked off by Pan Am which recently also cut sharply many of its U.S. domestic fares in a bid to win traffic, is likely to go further yet.

Other major airlines on the North Atlantic route, such as Trans World Airways, British Caledonian, Braniff and Laker, have all yet to say just what they are going to do. It seems likely that some at least of their own rates will have to come down to match those of BA and Pan Am. Only one other airline, Delta, which flies between Atlanta and London Gatwick, is cutting some economy fares.

British Airways, already in *the middle of a major retrench*ment programme designed to cut routes, reduce staff by 9,000 to 43,000, and to trim overseas stations and sell off aircraft, did not want to become embroiled in a fares war on the North Atlantic this winter.

However, it has been obliged to do so. It can only hope that the fare cuts will help to promote traffic in what are customarily the poorest months of the year.

The airline lost £145m in the year to March 31. It anticipates a loss of up to £100m in the current financial year. Fare cuts of the magnitude now forced on it were not part of its overall sales strategy.

● Mr John Biffen, the Secretary for Trade, is expected to announce today UK Government plans to seek cheaper air fares in Western Europe.

London Brick to reduce its workforce by 650

BY MAURICE SAMUELSON

LONDON BRICK, which recently announced the closure of its big Ridgmont works in Bedfordshire with the loss of 1,100 jobs, is to shed another 650 by shutting three small brick works and a pipe works.

This brings its total brick-making workforce down to 5,050 from 6,800 less than a year ago.

The group, which controls 45 per cent of UK brick deliveries and has more than 400m unsold bricks in stock, blamed the deepening recession in house-building "now aggravated by the recent increase in interest rates."

Some 330 jobs will be lost with the close of Kempston in Bedfordshire. The closure of the Arlesley pipe works, which had been reprieved earlier, will claim about 40 jobs. Two other brick works near Peterborough will close with the loss of about 300 jobs.

The company's deliveries in the first half of this year were 16 per cent below last year's depressed level, cutting its pre-tax profits for the period by some £2m.

The Brick Development Association said yesterday that the latest closures reflected the plight of the whole industry. With only 140,000 houses expected to be started this year, compared with 350,000 only a few years ago, the recession had adversely affected nearly all the country's 170 brick works.

Most are operating well below capacity, either by damping down kilns or by closing off other parts of their production process.

The decline is also reflected in the number of bricks expected to be sold, £3.5bn this year compared with last year's total of nearly 4bn

Cement makers postpone price rises till January

BY ANDREW TAYLOR

CEMENT manufacturers worried about the possibility of lower-priced cements being imported from the Continent have decided not to go ahead with planned price increases next month. Instead prices will be increased by 7½ per cent from January 1.

It is the second time within six months that cement makers have decided not to go ahead with planned price increases. Increases of 4 to 6 per cent in July were scrapped earlier *this year. Manufacturers then* warned that prices might rise by between 9 and 12 per cent in November.

The National Federation of Building Trades Employers welcomed the cement-makers' decision last night. It was also helpful to get three months' warning of the next level price increase, said the federation. It was, however, too early to say what impact the price rise would have on construction contracts negotiated this year.

The cement makers have been under strong pressure from the construction industry to keep rises to a *minimum*.

Some builders are concerned at the impact sharply rising building material costs could have on low-margin contracts.

Last week pre-cast concrete manufacturers warned that they would turn to imported cements if prices rose too steeply. Prices of bulk cement can be up to 50 per cent cheaper in some parts of the Continent than in the UK.

Figures produced last week by the British Precast Concrete Federation showed that the price of cement as low as £18.91 a tonne in parts of West Germany compared with a central London price of £41.52 a tonne.

Pearson Longman enters TV production

By Arthur Sandles

PEARSON LONGMAN is moving further into the audio-visual entertainment business with the formation of Goldcrest Television Productions. Goldcrest, using the fast growing independent production market as a base, aims to have £10m available for production within a year.

Goldcrest TV will operate alongside Goldcrest Films under the overall umbrella of Goldcrest Films and Television, which Pearson Longman formed in July.

The company will look to Pearson Longman for £5m. The rest will be sought from institutions and private investors.

Watership Down and Chariots of Fire are part of Goldcrest's track record in film investment.

Mr James Lee, Pearson Longman chief executive, says, "The formation of Channel Four and new developments in video and pay TV both in the UK and abroad are creating ever-increasing opportunities for the sale of independently produced programming."

The first major production is likely to be a $12m eight-hour drama series based on the novel The Far Pavilions, a best-seller for Penguin Books, another Pearson Longman stablemate, as is the Financial Times. Other projects include The Body Machine, presented by Dr Christian Barnard, and a Robin Hood series.

Mr Mike Wooller is managing director of Goldcrest. He was until recently controller of documentaries at Thames Television.

There is a series of financing arrangements for projects with UK film and television programme makers, including Mr David Puttnam, who made Chariots of Fire; Mr Barry Hanson (the Naked Civil Servant); Mr Paul Knight (Black Beauty); and Mr John Gau, former head of BBC TV current affairs.

Mr Derek Granger, producer of Brideshead Revisited, will be a non-executive member of the Goldcrest Television Board. Ms Kay Webb, former managing editor of Puffin Books, will be adviser on children's programmes.

Mersey barrage scheme unveiled

PLANS for a Mersey barrage and the conversion of the river's tidal energy into electricity were unveiled yesterday.

A preliminary study for the barrage, carried out by a panel chaired by Mr David Boult, executive director of BICC, was approved by the Merseyside Enterprise Forum, an advisory body of leaders from the industrial, trade union, academic, church and voluntary communities.

The scheme will go to the Merseyside County Council, which is expected to approve more detailed studies costing £75,000.

Prior remission offer 'inadequate'

H-BLOCK IRA prisoners described Northern Ireland Secretary Mr James Prior's offer of a 50 per cent return of remission as "vengeful" and "inadequate."

But they said the change in prison rules to allow prisoners to wear their own clothing was "a positive move in the right direction."

Healey on local councils' power

THE Government is attempting to create a Whitehall dictatorship which would virtually abolish local councils, Mr Denis Healey, deputy leader of the Labour Party, said last night.

It was threatening to destroy one of the fundamental democratic rights of the British people.

Barclays qualifies as loan institution

FIRST-TIME house buyers will be able to receive the benefits of the Government Home Loan scheme if they take out a Barclays Bank mortgage. The scheme provides a tax free cash bonus of up to £110 and a £600 interest free loan to those who have saved certain minimum sums for at least two years.

ICI puts £2.3m into dye plants

ICI is launching a £2.3m modernisation programme at its Huddersfield site in Yorkshire where it produces intermediates for making dyes.

'Rogue' traders warned of fines

THE Office of Fair Trading yesterday repeated its warning to rogue traders that they faced unlimited fines or imprisonment for breaking their legal obligations to consumers.

Gaelic accepted as citizen criteria

AN ABILITY to speak Gaelic has been included among the qualifications needed for entitlement to citizenship under the British Nationality Bill.

Move to link Navy's Sting Ray with U.S. anti-submarine weapon

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Royal Navy's new Sting Ray lightweight torpedo could form part of a new U.S. *anti-submarine* weapon under joint development by Boeing and Gould, says Mr John Nott, Secretary for Defence.

The proposal was made in a move to reopen the Anglo-U.S. battle for the Navy's new heavy-weight torpedo.

A month ago the British Government said Marconi Space and Defence Systems, part of the GEC-Marconi group, would get the contract subject to the negotiation of "satisfactory financial arrangements."

The Cabinet had over-ridden a Navy preference for the U.S. torpedo offered by Gould, which would have saved the Navy at least £150m in development costs over the next three years.

But discussions are still taking place between GEC-Marconi and the Ministry of Defence, while Gould itself has refused *to admit defeat.*

Gould believes the heavy-weight torpedo will be on the agenda for Lord Trenchard, Defence Minister, when he visits the Pentagon next week.

Gould executives in London yesterday to gauge the progress of the GEC-Defence Ministry talks said they believed that if the company is to make a counter-bid the first step must be made by the U.S. Government.

Nevertheless, Mr Nott has been told that the improved version of Marconi's Sting Ray torpedo could be the payload for *the new weapon—a marriage of* cruise missile and torpedo—on which Boeing and Gould are working for the U.S. Navy.

Gould has offered to re-engine Sting Ray with a more advanced propulsion system which, it claims, could increase its speed *from about 40 to 45 knots to over* 60 knots.

Another offset agreement negotiated by Gould comes to fruition today under which a major British defence company gains access to the U.S. market for its communications equipment for the first time.

Gould executives are still convinced that, with U.S. Government help, they could mount a convincing case for claiming that no British jobs would be lost by giving the torpedo contract to the U.S. company.

Mr Nott has been told that, *should the negotiations with* Marconi founder over finding a way of saving development expenditure, Gould's offer to set up a defence factory in Britain still stands.

BL's market share increases to 23.9%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL's 23.9 per cent share of the new car market in September was its highest since January 1979.

And October started well as 1,200 new Triumph Acclaims worth £5m were sold within a few hours of yesterday's launch.

BL's September performance was helped by the continued success of the Metro and by a promotional campaign for four other cars—the Princess, Maxi, Allegro and Ital.

According to the Society of Motor Manufacturers and Traders, total car sales in September were 119,927, down 6.96 per cent from September last year but still a very reasonable figure for the month.

As a result registrations for the nine months were at 1,211,932, only 4.8 per cent below those in the same period last year.

Following its record success in August, Ford sales slipped back in September because of supply problems. Its market share was 27.82 per cent in September against the targeted 30 per cent for the year as a whole.

Fiestas and Escorts remained in short supply and a major plant reorganisation at Dagenham hit Cortina output. Ford brought in more Cortinas from Belgium, 5,079 against 1,793 in the same month last year, to help make up the deficit.

Imports took 55.7 per cent of the total market in September (compared with 53.7 per cent in September 1980) and in nine months accounted for 55.8 per cent.

The Japanese market share after nine months was 11.68 per cent—still well above the 1981 level anticipated by the UK industry.

● The September top 10: Ford Escort (11,893 sold); Ford Cortina (10,666); Austin Metro (9,857); Ford Fiesta (7,142); Morris Ital (6,317); Austin Allegro (2,572); Volvo 300 (2,536); BL Mini (2,445); VW Golf (2,394); Vauxhall Chevette (2,327).

UK CAR REGISTRATIONS

	September				Nine months ended September			
	1981	%	1980	%	1981	%	1980	%
Total UK produced	53,105	44.28	59,679	46.30	536,101	44.24	529,902	41.62
Total imports†	66,822	55.72	69,221	53.70	675,831	55.76	743,176	58.38
Total market	119,927	100.00	128,900	100.00	1,211,932	100.00	1,273,078	100.00
Ford*	33,360	27.82	42,242	32.77	366,357	30.23	389,954	30.63
BL	28,661	23.90	24,755	19.20	238,140	19.65	222,584	17.48
General Motors—								
Opel	1,060		1,676		16,334		19,352	
Vauxhall*	6,630	5.52	6,356	4.93	83,279	6.87	92,336	7.25
Other GM	80		98		634		834	
Total GM	7,770	6.48	8,130	6.31	100,247	8.27	112,522	8.84
Peugeot Group—								
Talbot	4,731	3.94	7,530	5.84	58,014	4.78	75,974	5.96
Peugeot	1,420		1,284		14,735		21,259	
Citroen	1,950		1,990		21,950		23,705	
Total Peugeot	8,101	6.75	10,804	8.38	94,699	7.81	120,938	9.50
Datsun	6,116	5.10	6,979	5.41	76,797	6.34	84,113	6.61
VAG (VW-Audi)	7,037	5.87	5,731	4.45	65,912	5.44	55,535	4.36
Renault	6,314	5.26	6,881	5.34	59,166	4.88	73,648	5.79
Fiat Auto	5,399	4.50	6,386	4.95	49,684	4.10	46,233	3.63
Volvo	4,149	3.46	3,041	2.36	34,757	2.87	31,368	2.46

* Includes cars from companies' Continental associates not included in the total UK figure.
† Includes cars from all sources including those from associates of UK companies.

Source: Society of Motor Manufacturers and Traders

Nearly 500,000 expected to see Motorfair

By Our Motor Industry Correspondent

MOTORFAIR, London's first full-scale international car show for four years, is expected to attract between 400,000 and 500,000 visitors, the organisers said yesterday.

The 200 exhibitors paid about £650,000 for stand space and include 48 car-makers. Two, De Lorean of Belfast and Hyundai of Korea, have yet to sign up British dealers.

Cars old and new will be sold off the stands. Eight big manufacturers reckon that between them they will sell 2,200 cars worth over £9m in the 11 days of the show, starting on October 21.

Motorfair is organised by a subsidiary of Earls Court, a Town and City Properties offshoot.

UK NEWS

Industry given £60bn challenge by Shell

By Ray Dafter, Energy Editor

A £60bn challenge is to be laid before UK industrial and service companies in Birmingham next week when Shell UK Exploration and Production (Shell Expro) will urge British industry to win a bigger share of offshore oil and gas orders.

Shell Expro, one of the leading operators in the North Sea, will hold a vendors' forum on Wednesday to outline the offshore developments which will take place over the next 20 years.

The company said yesterday the oil industry had already spent some £25bn in the UK sector of the North Sea. A further £10bn would be spent on fields already in production or under development. And another £50bn would be required to find and develop as many as 80 to 100 new fields, which will be necessary to ensure the UK's continuing oil self-sufficiency into the next century.

The forum, organised by the Offshore Suppliers Information Centre, will be told of the types of equipment and services which are currently being imported. According ot the Energy Department, UK companies last year won 71 per cent of the £2.4bn worth of orders placed by offshore oil and gas companies.

British industry already has a strong hold on parts of the offshore supplies sector. Last year, for instance, UK companies were awarded 99 per cent of the terminal contracts and 86 per cent of the maintenance work.

'Inequalities' follow pay freedom

BY DAVID MARSH

PAY INEQUALITIES in Britain have increased after the breakdown of the last Labour government's incomes policy and are now about as great as in France or Italy, according to a book on pay distribution in the EEC published today.

West Germany appears to be the country with the greatest equality in pay out of the six EEC countries studied in the survey.

The book* contains the results of a research project undertaken at the Sussex European Research Centre of the University of Sussex, with financial support from the Social Science Research Council.

The survey shows that although nominal pay levels in Britain more than quadrupled during the 1970s, the competitive struggle to get ahead resulted in very few changes in the relative pay positions of industry groupings.

Women's pay in Britain remains particularly unequal. The average weekly earnings of women working full time in the UK last year was about 60 per cent of men's. This was up from 50 per cent in the early 1970s before the Equal Pay Act, but still below the average of the other five countries.

In France and Italy women earn on average about 75 per cent of men's pay.

The special feature of Britain's pay structure is the wide inequality among manual workers. However, last year white-collar pay exceeded blue-collar pay by only about a quarter—much less than the gap in other countries. In France and Italy the difference is about 50 per cent.

A modest compression of pay differentials took place in Britain between 1970 and 1977 partly as a result of incomes policies. Thereafter, inequalities widened again, although last year they remained less than in 1970.

Like Britain, Germany experienced relative stability of pay structures in industry during the 1970s. In France and Italy, by contrast, the pattern was more flexible, with low-paid industries gaining more than the higher-paid, leading to more equality.

The book says the absence of significant change in structures in Britain shows that only a few strong or fortunate groups gained, in relation to the rest, from the competitive and diffused bargaining system. It suggests that this process, prone to conflict and inflation, could be the inevitable result of a bargaining system devoid of central direction.

**Pay Inequalities in the European Community* by *Christopher Saunders and David Marsden.* *(Butterworths, £26.)*

Prosecution threat for CB radio users

By Elaine Williams

THE Customs and Excise Board has warned that it will continue to prosecute owners of Citizens' Band radio sets if they insist on transmitting on the radio frequency banned by the Home Office, even when the official service begins operation next month.

However the board has agreed to take no action against CB users if they convert their illegal-frequency sets to meet the technical standards of the new system and pay £5.00 per set to cover import duty and VAT.

CBI defends EEC membership

FINANCIAL TIMES REPORTER

WITHDRAWAL from Europe would be economic suicide, according to the Confederation of British Industry.

Mr Brian Rigby, deputy director general of the CBI, told British and Flemish businessmen in Brussels yesterday that Labour Party policy makers had not considered where Britain would find comparable access to 214m customers with high purchasing power.

Mr Rigby said that the CBI would not allow politicians unwittingly to put "business and jobs in jeopardy."

He said that businessmen would be debating British membership of the EEC at next month's CBI annual conference in Eastbourne. He hoped that there would be another overwhelming vote confirming the delegates' wish to stay in.

"Since joining the EEC," he said, "the UK has switched its trade from the old empire to Europe, and it is quite unrealistic to think we can turn the clock back now.

"Anyone who thinks we can be an island entire unto ourselves is not living in the real world."

Mr Rigby stressed the need for greater competitiveness in British industry if it was to take full advantage of an upturn. He said Britain had suffered a sharp drop in competitiveness. That was why unemployment trends — and particularly youth unemployment—were a more serious problem in Britain than in many other EEC countries.

But present trends in wage settlements and working practices, together with an easing of the strength of sterling, had improved the position. Many companies just needed a little more volume of trade to show their worth.

Mr Rigby was speaking at a lunch given by the Flemish Industrial Federation and the British Chamber of Commerce in Belgium.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	Heritable & Gen. Trust	16 %
Amro Bank	16 %	■ Hill Samuel	§16 %
Henry Ansbacher	16 %	C. Hoare & Co.	†16 %
■ Arbuthnot Latham	16 %	Hongkong & Shanghai	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16¼%
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Mallinhall Limited	16 %
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	16 %
Banque du Rhone et de la Tamise S.A.	16¼%	■ Samuel Montagu	16 %
Barclays Bank	16 %	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Bristol & West Invest.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Slavenburg's Bank	16 %
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16¼%	Standard Chartered	‖16 %
Cayzer Ltd.	16 %	Trade Dev. Bank	16 %
Cedar Holdings	16 %	Trustee Savings Bank	16 %
■ Charterhouse Japhet	16 %	TCB Ltd.	16 %
Choulartons	16 %	United Bank of Kuwait	16 %
Citibank Savings	¶13 %	Whiteaway Laidlaw	16¼%
Clydesdale Bank	16 %	Williams & Glyn's	16 %
C. E. Coates	16 %	Wintrust Secs. Ltd.	16 %
Consolidated Credits	16 %	Yorkshire Bank	16 %
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14.5%, 1-month 14.75%. Short term £4,000/12 month 16.35%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits £1,000 and over 14%.
§ Demand deposits 14½%.
‖ 21-day deposits over £1,000 15½%.
¶ Mortgage base rate.

Inflation tax urged on 'excess' wages

BY DAVID MARSH

AN INCOMES policy based on a "wage inflation tax" which would penalise employers for excess payments to staff has been proposed by Prof Richard Layard of the Centre for Labour Economics at the London School of Economics.

In a lecture at the LSE yesterday, Prof Layard suggested the Government declare a norm for the rate of growth of hourly earnings. If an employer increased the average hourly pay of his staff by more than this, all his excess payments would be subject to a tax.

To prevent any increase in the net tax burden on companies, the Government would adjust the rate of National Insurance surcharge each quarter to redistribute the tax burden from the high to the low inflation companies.

Prof Layard said a permanent incomes policy was needed to reduce inflation without undue unemployment. "A conventional incomes policy which suspended free collective bargaining permanently would be out of the question in a free society," he said. "So we have to have an incomes policy which works by incentive rather than regulation."

The inflation tax approach would have a beneficial effect on employment compared with the monetary attack on inflation being pursued by the Government. Under monetary restraint, the Government aimed to stiffen the backbone of employers by reducing demand for their output and hence the demand price for labour, he said.

This held down wages compared with what they would have been otherwise. But it also produced bankruptcy and unemployment because wages did not respond fully and remained high relative to money demand.

By contrast, the wage inflation tax put direct — rather than indirect — downward pressure on wages, while letting money demand go relatively free.

Inquiry opens into leisure complex plan

FINANCIAL TIMES REPORTER

A PUBLIC inquiry opened yesterday into a Texas businessman's plan to build a £200m sports and leisure complex in Lamesley, near Gateshead.

The inquiry is being held because of local residents' objections to the scheme, the brainchild of Mr Tom Dinnery, who was born locally but has spent much of his life in the U.S. and Canada.

The inquiry, expected to last eight days, was told by Mr Dinnery and his solicitor that the complex would include an 85,000-seat stadium and a 1,000-bedroom hotel.

It would create about 3,000 jobs during construction and an estimated 3,795 permanent jobs.

The proposed hotel would have conference facilities for up to 5,000 people. The whole complex, including tennis and squash courts, a small casino and a leisure park, would cover 300 acres.

Referring to opposition by local residents, Mr Dinnery said that if any of them felt so strongly that they wanted to move house, he would offer to buy their houses at an independent valuation price plus 10 per cent.

New joint company to bid for Nato systems

By Michael Donne, Defence Correspondent

THREE COMPANIES which together make up a significant part of the UK computer systems software industry have established a joint organisation, European Defence Systems, to bid for what could be a $1bn (£540m) computer systems market in Nato during the next decade.

The three companies are Scicon Consultancy International (part of the British Petroleum Group), Software Sciences (part of the British Oxygen group), and Systems Designers, a subsidiary of Systems Designers International.

European Defence Systems will be based in Brussels. It will compete for many of the computer systems contracts that Nato is expected to be issuing to improve the command, control, information and communications techniques used throughout the alliance.

Among such contracts are likely to be several major ones, including a $185m contract for a new Nato-wide air command and control system to help coordinate the fighter aircraft operations of the different air forces throughout the region.

Others that are likely to be placed, on a competitive basis, include those for new systems for fleet communications, and for improving the flow of information to senior Nato commanders.

Mr Paul Pearson, chairman of EDS (who is also a director of Scicon), said that the company would have a small top management team, but would be able to draw on all the resources of the three parent companies, including over 1,000 staff skilled in computer software design, development, installation and operation.

The three parent companies have a combined annual revenue of $200m, of which about $50m is in the defence computer systems field.

Mr Christopher Williams will be the general manager. He has been the Benelux general manager for Software Sciences for the past two years.

Cavwain set to complete deal for Ronson

By James McDonald

COMPLETION of the arrangements for the purchase by Cavwain of Ronson Products from the receivers and managers — which should have taken place on Ocober 2—is now due to take place tomorrow.

A statement from Cavwain has explained that the new date had been fixed to enable the "complex legal requirements of completion to be properly effected." All parties had agreed. The statement added that the Cavwain group's solicitors had warranted the availability of funds in time for completion last Firday "if it had been legally possible."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
4th qtr.	100.6	89.4	78	109.0	205.2	2,020	98
1981							
1st qtr.	99.6	88.8	98	112.7	174.4	2,304	100
2nd qtr.	99.0	88.9	91	111.3	180.6	2,507	89
3rd qtr.						2,627	96
Jan	99.0	88.4	92	114.0	177.6	2,228	104
Feb	99.9	89.3	94	112.9	170.1	2,304	98
March	99.8	88.7	109	111.4	175.3	2,381	97
April	98.9	88.7	90	111.4	181.6	2,452	94
May	98.2	88.0	84	110.6	177.1	2,515	92
June	99.7	89.9	98	111.7	182.7	2,552	83
July	99.5	89.8		109.7	185.4	2,582	92
Aug				111.0	185.6	2,626	98
Sept						2,673	97

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
2nd qtr.	98.0	97.5	123.3	94.0	94.2	85.8	15.2
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.2	10.1
Dec	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	94.1	87.2	117.5	83.2	76.5	76.9	10.9
2nd qtr.	93.5	87.3	118.1	83.8	80.1	75.0	14.4
Jan	94.0	88.0	116.0	83.0	74.0	76.0	10.3
Feb	95.0	87.0	118.0	83.0	78.0	78.0	11.3
March	94.0	87.0	119.0	83.0	78.0	77.0	11.2
April	94.0	87.0	117.0	84.0	77.0	75.0	12.6
May	93.0	87.0	117.0	82.0	79.0	74.0	13.9
June	94.0	88.0	120.0	85.0	84.0	76.0	16.8
July	95.0	88.0	119.0	86.0	77.0	74.0	15.0
Aug							12.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
1981							
1st qtr.							28.34
2nd qtr.							26.73
3rd qtr.							24.26
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63
July							24.57
Aug							24.51
Sept							23.70

Trade figures for March-August not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.2	11.2	+3,352	1,253	1,793	14
Dec	16.1	20.9	7.0	+ 929	448	605	14
1981							
1st qtr.	6.8	8.8	12.4	+1,282	1,081	1,884	12
2nd qtr.	23.1	16.6	6.5	+4,057	1,103	1,936	12
Jan	6.1	11.8	10.1	+ 378	446	620	14
Feb	13.4	8.0	12.9	+ 90	366	638	14
March	1.2	6.8	14.3	+ 814	269	626	12
April	25.5	13.8	3.9	+2,001	296	655	12
May	22.1	19.3	7.0	+ 947	436	607	12
June	21.9	16.7	8.6	+1,109	371	674	12
July	14.2	16.0	19.8	+2,162	290	658	12
Aug	0.8	13.5	35.5	+1,155	244	659	—

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.8
2nd qtr.	202.1	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.		235.9	223.8			264.76	90.6
Feb	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	199.3	221.3	218.0	292.2	274.2	258.61	99.2
May	201.6	226.1	219.2	294.1	276.7	255.14	98.8
June	205.7	229.9	221.1	295.8	280.0	245.07	95.4
July	207.5	233.0	222.2	297.1	279.6	275.81	92.5
Aug		237.0	224.0	299.3	277.3	257.64	91.2
Sept		237.8	225.3			260.83	88.0

* Not seasonally adjusted.

News Analysis: **Guy de Jonquieres** and **Charles Smith** look at the logic behind a computer link-up

ICL's bold risk in a brutal battle for survival

IN THE FIVE months since he became managing director of ICL, Britain's loss-making major computer manufacturer, Mr Robb Wilmot has demonstrated a flair for the dramatic gesture. But ICL's agreement with Japan's Fujitsu, and the longer-term goals which Mr Wilmot hopes to achieve by it, is his boldest move yet.

Like other established second-rank manufacturers in the U.S. and Europe, ICL has found it increasingly tough to compete in the world market for big "mainframe" computers. It has faced the prospect of being trampled underfoot in a brutal battle for supremacy between IBM, which accounts for more than half of all large systems installed worldwide, and Japan's youthful computer industry which is aggressively challenging the American giant's domination.

Though ICL is also expanding under Mr Wilmot into fast-growing markets which it has long neglected—including personal computers and office systems—he believes it cannot remain viable if it foresakes mainframe computers completely. By linking up with Fujitsu, Mr Wilmot hopes ICL can ride a Japanese tiger down the road to recovery and secure its place among the big-league of computer suppliers.

He appears to have pulled off a favourable deal. ICL will market outside the U.S. and Japan two very big Fujitsu computers. The smaller is about five times more powerful than the largest machine in ICL's range, and both will compete more directly against IBM than against ICL installations.

In exchange, ICL will get early access to Fujitsu technology in big computers which, Mr Wilmot asserts, is now the best in the world. Fujitsu will open its doors to ICL in the fields of computer-aided design of big machines and in the development of ultra-rapid microchips used in computer processors.

ICL, which has always purchased most of its electronic components overseas, expects to be a major purchaser of Fujitsu chips in future years.

ICL will rely heavily on Fujitsu chip technology for its new range of bigger computers, of which the first will be launched in 1984. Mr Wilmot hopes that the machines, to be designed and built by ICL, will provide the basis for its strategy in the mainframe market for the next 10-15 years.

Like all ICL's other new products, its future big machines will be designed to communicate through data networks with computers made by both ICL and its competitors. Moreover, by using the latest technology, ICL aims to develop future versions with up to four times more power. This would give its customers a wide choice and make it easier for them to add power as their requirements grow.

Mr Wilmot emphasised yesterday that he also wanted to extend the life cycle of future products to five years from three years at present, thereby reducing the frequency of design changes. He beleves Fujitsu's tchnology will put ICL a year ahead of its competitors and that it will gain another year by designing its computers to take advantage of types of chips not yet in full commercial production.

"Without having to make enormous investments ourselves, we will be riding on the back of very large investments already made by Fujitsu and the Japanese Ministry of Trade and Industry," he said. "That way, we can save our own investments for microcomputers and other new products."

His catch-up strategy, however, inevitably contains elements of risk. Designing new computers around technology which has not been fully tested in practice could put ICL ahead of its rivals. But as other companies, including IBM and Honeywell, have discovered when they tried to do the same, it can also lead to serious technical complications and costly production delays.

Furthermore, collaboration with a Japanese company of Fujitsu's size is a wholly new form of business for ICL. Mr Wilmot insists the agreement between them has been fully accepted on both sides and that Fujitsu is in the deal for the long term.

Nonetheless, Fujitsu entered the agreement, in the final analysis, for money, not love. It is an aggressively competitive company and, from its own point of view, one of the major attractions of the deal must be to improve its penetration of the Western European computer market. Whether that objective will always mesh in with ICL's own strategy remains to be seen.

Mr Wilmot has undoubtedly pulled off a major coup. But if he and ICL are to ride the Japanese tiger without being unseated by it, they may have to be ready to perform a skilled balancing act.

Why Fujitsu has joined forces with another foreign partner

IF ICL'S purpose in seeking a tie-up with a Japanese computer manufacturer was to find a company which could firstly, supply it with machines big enough to match IBM's biggest and secondly, make good its deficiency in integrated circuits, it could, at least in theory, have gone to any one of the top three companies in the industry.

Hitachi, NEC and Fujitsu have all announced new super-large computers during the past year which are claimed to outperform the new IBM 3081 series. All three of these top computer makers are also leading manufacturers of integrated circuits (with NEC and Hitachi holding the first two places and Fujitsu following close behind). Fujitsu, however, not only happens to be the biggest of the Big Three—*in terms of its output* of computers, not its overall size, it also has a record as an exceedingly aggressive exporter and as a willing collaborator with foreign partners.

Fujitsu began life as the telecommunications division of Fuji Electric Company, one of Japan's general purpose heavy electrical manufacturers, and remained a specialist in this field until it began moving purposefully into computers in the mid-1950s. For the past two *decades, the company's main* aim has been to erode the dominant position in Japan's domestic market of IBM Japan, the American computer giant's wholly owned local subsidiary.

A milestone was passed in 1979 when Fujitsu's annual computer sales passed those of IBM for the first time. But IBM still has a bigger share of Japan's installed computer population (29 per cent against Fujitsu's 20 per cent). In terms *of global stature Fujitsu is still* a stripling compared with IBM. Its world market share is a mere 2 per cent against IBM's 58.8 per cent.

A 2 per cent of the world market for computers is not, of course, Fujitsu's only claim to fame. The company remains a leader in various specialised telecommunications fields and in telephone exchanges. Computers, however, account for 66 per cent of its total turnover which is a much higher ratio *than for any of the other com*panies in the industry.

In its bid to replace IBM as the top supplier to Japan's domestic computer market, Fujitsu has opted for the "plug compatible" strategy — its machines can be used in conjunction with existing IBM systems rather than requiring separate support systems of their own. It has also made full use of two facilities offered by the Japanese Government to *support the local computer in*dustry.

These were an assisted leasing system and a series of officially sponsored development programmes under which the different Japanese computer makers were encouraged to work together to develop competitive "basic" systems that could compete with IBM.

Fujitsu and Hitachi jointly developed the architecture for the "M" series of computers in a programme organised by the Ministry of International Trade and Industry (MITI) that ran from 1971 to 1976. They have since then gone their separate *ways in improving and elaborat*ing on the basic concepts behind the system. More recently, Fujitsu has been a participant in MITI-sponsored schemes to develop peripherals and software.

Fujitsu exported its first computer, to the Philippines, in *1964. Since then, it has acted* consistently on the principle that the battle against IBM could not be won only on its home ground in Japan. A key element in the company's strategy to establish itself overseas has been tie-ups with local companies or, in some cases with government-controlled *entities of various kinds.*

Its first foray into the American market took the form of a capital tie-up with Amdahl Corporation, a maker of IBM — compatible computers founded by a former IBM executive, which buys a large propor*tion of the components for its bigger computers from Japan.*

In Canada, Brazil and Spain, the company had involved itself by the mid-1970s in a variety of technology and know-how exchanges with governmental bodies that were anxious to get into the computer business and which, in some cases, had been *rebuffed by IBM.*

More recently, it has entered into a straight sales agreement with Siemens for big computers, while forming a new U.S. joint venture (TRW-Fujitsu) to sell peripherals and eventually small and medium sized computers in the U.S. market.

Like Hitachi — the second largest Japanese computer manufacturer—Fujitsu has not tried to promote its own brand name in developed Western markets (although the FACOM name has been used in Eastern Europe and the Far East). Its reasons for not attempting to sell direct in the West probably include the belief that linguistic and cultural barriers could be more readily surmounted via an alliance with a local manufac*turer and that, anyway, there* was no time to be lost in grabbing market share from IBM.

Fujitsu has not said how much of the world market it *eventually wants to supply. But* the company aims to raise export share in its computer sales from 12 per cent to 30 per cent by 1985.

Business failures and bad debtors 'increase by 23%'

BY JAMES McDONALD

BAD debtors and business failures recorded by Trade Indemnity Company in the first nine months of this year totalled 2,009 cases, nearly 23 per cent more than in the same period of 1980.

According to Trade Indemnity, Britain's largest underwriter of credit insurance, which is controlled by the country's major insurance groups, failures between the second and third quarters of this year fell from 657 to 585, compared with 645 in the third quarter of last year.

But it points out that the reductions compared with a year ago came only in July and *August. Failures in September* were 210, close to the high level of 212 recorded in September 1980.

"It would, therefore, be premature to talk *of* any 'levelling-out' in the failure pattern, especially having regard to the effects of delayed tax payments due to the Civil Service dispute and the consequences of the recent rises in *interest rates which have still* to show through."

A breakdown into main trade categories shows a deterioration in the nine month period, compared with the first three quarters of 1980, in all the categories and in a number of sub-categories, particularly at the distribution end of textiles and clothing, and furniture and upholstery.

In textiles and clothing, bad (irrecoverable) debts and business failures totalled 314 in the first three quarters, compared with 295 in the same period of last year. But in this sector, failures by clothing retailers and wholesalers increased over the year from 77 to 101.

Failures by furniture and carpet retailers and wholesalers in January to September this year, at 95, were 27 more than in the same period of last year, although in the whole furniture and upholstery sector there were only 17 more failures than the 215 of a year before.

Barclays makes business loan offer to jobless

BY ELAINE WILLIAMS

A PILOT SCHEME offering small loans to the unemployed to start their own businesses was launched yesterday by Barclays Bank in Peterborough.

Barclays is setting aside *£25,000 for skilled workers who* wish to borrow sums of up to £2,000. The bank believes this type of small loan will appeal to skilled workers in the service industry such as plumbers and electricians.

The scheme is the idea of Peterborough's Conservative MP, Dr Brian Mawhinney, who was worried by the 11.5 per cent level of unemployment in the city.

Dr Mawhinney said: "If it works in Peterborough there is no reason why this cannot be repeated all over the country."

UK NEWS—THE SOCIAL DEMOCRATS AT BRADFORD

Two more MPs change sides

ELINOR GOODMAN on the conference reception for the two latest parliamentary recruits from Labour, including Tom McNally, the biggest catch yet.

THE PARTY paraded its biggest catch yet before the conference began yesterday morning.

After three days of painfully breaking his ties with the Labour Party, Mr Tom McNally, MP for Stockport South and one-time aide to former Prime Minister, Mr James Callaghan, finally announced he was joining the SDP.

With him came Mr Jimmy Dunn, MP for Liverpool Kirkdale, who also chose yesterday to announce that he was defecting from Labour. Later in the day, Mr David Ginsburg, who announced his defection on Tuesday, appeared to explain his conversion.

Significant

The three were enthusiastically applauded by the 950-odd SDP members in the audience—some of whom had clearly never heard of any of them before the beginning of this week. But in terms of the Labour Party, Mr McNally is by far the most significant defector since the original 12 broke with the party seven months ago.

He worked for Mr Callaghan for five years, first at the Foreign Office and then at Downing Street, and was closely identified with the Labour leader.

Over the last few days, Mr Callaghan personally tried to stop him going but Social Democrat MPs were yesterday boasting that getting Mr McNally was *almost as good as* getting Mr Callaghan himself.

As his speech to the SDP conference showed, Mr NcNally has deep emotional links with the Labour Party. He joined it at the age of 16, and one of his first jobs was at Labour Party headquarters, where he eventually became head of the international department.

He comes from a solid Labour Party family. He told the conference that he had explained to his 82-year-old father that he believed the SDP stood for the same "ideas, values and, even more important, the tolerance and comradeship" which the Labour Party had stood for sixty years ago.

Mr McNally's decision to defect, despite Mr Healey's victory in Labour's deputy leadership contest last week, is a heavy blow to Labour moderates, who were last week claiming that the "rot" in the Labour Party had been stopped.

Mr McNally, who campaigned for Mr Healey in last year's Labour leadership contest first started thinking seriously about joining the SDP after the TUC conference voted for unilateralism.

The Labour Party's conference decisions on the EEC and defence convinced him, he said, *that despite the deputy leadership* result he could not stand for the Labour Party at the next election.

At 38 Mr McNally is regarded by almost all his colleagues as very ambitious. His decision to leave Labour is, therefore, a *gamble. He knew that if he* stayed there was a chance he would not be reselected by his local party.

There have been angry—and sometimes even violent disputes *within his local Labour Party*, and the Left was determined to oust him. The moderates in his party have been trying to delay his reselection conference until they had won a majority *on the general management* committee. But there was no certainty he would get reselected. Now some of his supporters are expected to join the SDP.

At the moment Stockport South is a marginal Labour seat. But the Liberals came quite a good third last time, and, assuming the SDP and Liberals can come to a local agreement, he must have a *reasonable chance of saving it.*

Mr Jimmy Dunn might have more difficulty with the Liberals in Liverpool if he tried to stand as a Liberal/SDP candidate. Mr Dunn, aged 60, *has been MP for Kirkdale since* 1964, and was a junior Minister at the Northern Ireland Office in the last Labour government, but his time in Northern Ireland took its toll.

Partly as a result, both the *Liberals and the Militant* Tendency have become well established in his constituency.

Yesterday, it was clear that the Liberals, who are very strong on the local council *would not be easily persuaded* to make room for Mr Dunn—though salvation may lie in the Boundary Commission, which will divide Kirkdale into three parts.

Mr Ginsburg was also under pressure from the left in his constituency, and yesterday some members of his local Labour Party were saying he had joined the SDP only because he knew he would not be reselected by Labour.

Mr Ginsburg denied this, but, while everybody in Bradford was delighted by the flow of new *recruits to the party*, there was some concern that the SDP should not allow itself to become a refuge for every Labour MP under pressure.

Margin

Mr Eric Ogden, MP for Liverpool West Derby, is expected to join in the next few days, bringing the total number of recruits this week to six.

This will bring the total number of SDP MPs at Westminster to 22. All six will also have defected since the Labour Party conference, and that, as Mr Benn's supporters will *almost certainly point out*, will mean that Mr Healey's margin of victory last week has been virtually eroded.

Leadership faces its first revolt

By Peter Riddell

THE Social Democratic Party leadership yesterday faced its first revolt. The rallying rank-and-file cry was, appropriately, togetherness. The target was the alleged exclusivity of an unofficial fringe group.

During the debate on industrial relations two speakers complained about the criteria for eligibility of the Social Democratic Industry and Finance Group.

This is limited principally to executives in the public and private sectors, to academics, to consultants and to members of the House of Lords (though some of the SDP peers would be included under other hats). But trade unionists are not eligible.

The SDP is above all the party of industrial partnership and of breaking down the barriers between managers and workers, so the floor speakers demanded, to warm applause, that the national steering committee of the party should denounce the group as elitist. They demanded that both trade unionists and managers should be eligible.

Mr Tom Bradley MP, replying from the platform, was *quick to point out that the* group was informal. It had no connection with the national steering committee. The party would itself be setting up an official group to formulate *trade union policy which* would include trade unionists.

The rank and file was not satisfied—indeed, it appeared ready to be mobilised. There were shouts from the audience *of "together" and "joint body."*

Although the Industry and Finance Group may be unofficial its meeting on Tuesday included speeches from Mrs Shirley Williams and Mr Bill Rodgers. There will be a further meeting at the conference in London.

Rodgers urges curbs on union donations to the Labour Party

BY IVOR OWEN

DEMANDS FOR curbs on donations made by trade unions and companies to political parties *without the support of in*dividual members and shareholders were vigorously endorsed.

Changes in the law were called for by joint leader Mr *Bill Rodgers when he appealed* to shop floor moderates to cut their financial and political links with the Labour Party and join the SDP.

He reaffirmed that an incomes *policy and a major advance in* industrial democracy must be central pillars in the economic and industrial policies of a government formed by the SDP-Liberal alliance.

Mr Rodgers urged TUC and CBI leaders not to wait until after the next election before joining in discussions to frame proposals in these areas.

This approach was firmly backed by *Mr Tom McNally*, MP for Stockport South, when he was welcomed to the platform along with the day's other Labour defector, Mr James Dunn, MP for Liverpool Kirkdale.

*Mr Rodgers explained that in*dividual trade unionists would be able to prevent their money going to the Labour Party against their wishes by reform of the law governing the pay*ment of the political levy.*

The levy—still subject to the right of an individual member to contract out from payment—would continue, but a legal obligation would be placed on the trade unions requiring them to allow all their members to indi*cate the political party they* wished to support with their support with their money.

Mr Rodgers said all trade unions would then be obliged by law to aggregate such contributions and pay them—with no strings attached and no block votes—to theappropriate political party.

Underlining the importance of an eye-handed approach in industrial relations, *Mr Rodgers* also advocated more stringent rules on the donations made to political parties by companies.

These should be designed to ensure that no shareholder found *himself* contributing to a political party against his will.

Mr Rodgers emphasised the political significance which would attach to a change in the distribution of the political levy by the unions.

He contended "once the close ties with the Labour Party were broken the trade unions would find it easier to speak with authority to all governments and to develop a point of view which could command respect.

"Being less partisan in politics, they could be more open in their judgments on economic and industrial *affairs.*"

Mr Rodgers accepted that the trade unions could not be immune from legislation.

"If the trade unions wish to be an estate of the realm, they must accept the obligations for their internal management and *structure.*

"They must put their house in order."

To chers he advocated secret ballot to determine major decisions and appointments within the *unions.*

He also emphasised the importance of protecting the jobs of individuals who don't join trade unions on the grounds of conscience.

*Mr Rodgers pointed to grow*ing support which the SDP was reveiving from the shop floor.

Tens of thousands of trade unionists had joined the party and many wer active in it.

Mr McNally was cheered when he maintained that any government which wished to govern with consent must involve the trade unions in a social consensus.

He suggested that if the SDP were to approach some of the major unions they would find some "willing takers."

He forecast that senior trade union leaders would come to rue the day when they took on greater powers in the parliamentary affairs and workings of the Labour Party.

"They will come to realise that though they can get Labour *leaderships* to sign blank cheques, those cheques will be worthless because the Labour leadership will not be able to deliver."

Jenkins leads appeal to disillusioned Tories

BY IVOR OWEN

DISILLUSIONED Conservatives, at Westminster and in the country at large, were the primary target of a "come and join us" appeal by Social Democrat leaders in Bradford last night.

In the final session before the conference resumes in London today Mr Christopher Brocklebank-Fowler, so far the party's only recruit from the ranks of Conservative MPs, joined with Mr Roy Jenkins in urging more Tories to take the plunge.

"We are not a mark II Labour Party," Mr Jenkins stressed after the three latest *ex-Labour parliamentary* recruits had been welcomed to the platfrom.

Mr Brocklebank-Fowler, urging other Tory MPs to throw in their lot with the SDP, pointed to Mrs Thatcher's uncompromising rejection of Mr Edward Heath's criticism of the Government's economic policies.

He recalled that Mr Heath had advised Conservative MPs to think hard about interest rates, unemployment, inner-city decay and racial discrimination.

To cheers, Mr Brocklebank-Fowler commented "Too late Ted—they are all on the agenda here."

SDP leaders were delighted by the way in which the Bradford section of the conference reinforced their claims *that the party has broad-based* and growing support.

Dr David Owen commented: "This has totally laid the myth that the Social Democrats are a southern middle-class elitist party."

Mr Jenkins also highlighted the fact that the SDP had generated its own momentum and was not a mere reaction to events in the Labour Party.

To chers he declared: "We have a different and constantly growing constituency. Our welcome is equal to those of all different political backgrounds."

At the same time Mr Jenkins again emphasised the need to maintain the alliance with the Liberals if the grip of the two main parties of British politics was to be broken at the next *general election.*

During the debate speakers expressed concern about how the electoral alliance with the Liberals would work out in practice.

One woman argued that although opinion polls showed more support for the SDP than the Liberals, the two parties should have an equal share of the seats.

But that should not mean that the Liberals would have the automatic right to seats which they had fought hard in the past.

Another speaker warned against the danger of the Social Democrats becoming a receptacle for Labour MPs who were in danger of losing their seats through reselection.

There was also a warning that the SDP must win over more Tory MPs if it was to attract Conservative voters and be victorious at the next general election.

Pitt favourite for Croydon

ALLIANCE candidate Mr Bill Pitt is odds-on favourite to *win the* Croydon NW by-election. Coral the bookmakers quoted Mr Pitt yesterday at 5—6; Labour at 13—8; and the Conservative candidate at 9—2.

Regions 'need Cabinet Minister'

BY JOHN HUNT

MR JOHN HORAM, MP for Gateshead West, called for a Government department for co-ordinating regional policy. The department would be headed by a Cabinet Minister, and *would* be represented on all relevant Cabinet sub-committees.

Below the department would be advisory bodies such as regional economic planning *councils, or elected regional* bodies to replace county councils as the second tier of government.

Mr Horam was outlining SDP policy proposals at the start of a debate on the regions. He said the framework of government must be adjusted to allow the regions sufficient autonomy to tackle their own problems.

Many domestic issues had a regional dimension which the machinery of Whitehall was not equipped to tackle.

"If we really want to help the jobless in the North and West *we must not only have a* passionate heart but a clear head," he declared.

If the gulf between North and South was to be bridged, there had to be a robust regional *framework.*

"We believe in a market economy because it offers choice and greater efficiency," said Mr Horam. "But we do not believe we should allow the winds of the market to blow all the spoils of prosperity into one corner of the country."

In the last two years, manufacturing output had fallen by 18 per cent. Even if the Tories had deliberately tried they could not have intended a policy which would have a more unfair effect on the regions.

There had to be policy changes to help local industries, he said. Public authorities should bring together technical, financial and advisory services and set up business advisory centres in each area.

The Social Democrats would propose a five-year grant for firms which employed additional highly qualified staff.

All attempts to attract inward foreign investment should be handled nationally and then parcelled out to the regions—a similar system to the one already operating in France and Ireland, Mr Horam said.

UK NEWS—LABOUR

Engineering plant sit-in staff to defy court

By Our Labour Staff

ENGINEERING WORKERS occupying a north-east London factory said yesterday that they would continue their action in defiance of a High Court possession order, by barricading themselves inside the plant.

More than 100 workers crowded into court as Staffa Products, a UK subsidiary of Br·-n and Sharpe of the U.S., w·· granted an order to end the sit-in at its Leyton works, which began last Tuesday.

Members of the Amalgamated Union of Engineering Workers, representing 228 of the factory's 390 workers, hope their action will force the hydraulic motor company to reconsider plans to switch production to Plymouth over a period of two years.

Mr Dave Green, AUEW convener, said after the hearing: "We will barricade the factory with tools and machinery. We have stocks of provisions and beds and are *willing to carry on as long as* is necessary."

Officers to black P&O ship handover

By Our Labour Staff

OFFICERS on board a P & O ship, the Wild Cormorant, have indicated that they will fulfil union instructions to prevent its handover to a foreign purchaser, the Merchant Navy and Airline Officers' Association said yesterday.

The vessel holds the key to renewed industrial action across P & O's deep sea cargo fleet.

The union is balloting some 600 officers on board the fleet's 49 ships on whether they are prepared to take fresh action over P & O's sale-and-charter-back of four refrigerated vessels to Greek interests.

Two of the reefer ships have already been handed over and the officers on a third, the Wild Marlin, have declined to take action. If officers on the Wild Cormorant failed to fight a handover—which the company has not yet attempted—there would be no ships left to strike over.

Council workers to seek inflation-linked rise

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of 1m local authority manual workers agreed on a pay claim yesterday to be presented next week calling for increases in line with the prevailing rate of price inflation, shorter hours and longer holidays.

Tabling the claim in Leicester next Tuesday will pose the first direct chaleinge to the Government's pay limit provision of 4 per cent. The pay of such groups as miners and water workers, whose claims have already been presented ,are not directly covered by the limit.

Union leaders will say next week that the pay bill oututrn of last year's 7½ per cent deal was much lower than the settlement figure, and that therefore the cash-limit provision should not be strictly applied this year. Some union leaders privately put the outturn as low as about 2 per cent.

This is mainly a result of job cuts stemming from public-spending reductions.

Union leaders estimate that some 65,000 local authority jobs have been lost in the past year, about 50,000 of them manual workers, and that fear of further losses will again influence the negotiations.

The General and Municipal Workers' Union had been arguing for a claim which would bring the basic rate of the lowest-paid grade up from £59.05 to £75 a week. Though no vote was taken at the union side meeting yesterday, the counter-proposals of the Transport and General Workers' Union and National Union of Public Employees for an unspecified cost-of-living claim carried the day.

Present basic rates for a 40-hour week range from £59.05 to £73.50. Bonus and overtime rates are paid on top, but the unions claim that male council workers now have only an average of three hours' overtime a week. Holiday entitlements start at four weeks for a year's service, rising to a maximum of five weeks after ten years.

Mr Charlie Donnet, secretary of the union side and GMWU national officer, said the common claim had been agreed partly because of efforts being made by TUC unions to mount a common strategy

● After an exchange of solicitors' letters with the London Borough of Wandsworth, the National and Local Government Officers' Association has agreed not to carry out a "blacking" threat over the council's proposal to put street-cleaning out to the private sector until a firm decision is taken.

Philip Bassett assesses the manual workers' pay claim

First test of new co-operation

WHEN UNION leaders next week formally present the council manual worker's claim at Leicester's County Hall it will be the first test of union hopes of greater co-ordination of public service pay in the face of the Government's 4 per cent limit.

Calls for greater co-ordination stem from a motion at last month's TUC Congress seeking closer working among public service unions so that collective action can be mounted more effectively than during last pay round

Behind that motion lies the unpalatable acknowledgment by public service union leaders that the Government's cash limit pay provision last year by and large held firm.

Little has changed. The unions are still lweakened by unemployment, and the inflation rate is now rising. The only real action last year—the civil service strikes—ended, in terms of the immediate pay rise, in a clear victory for the Government.

The calls for united action over pay are not without parallel. Ten years ago the public services sustained another major union defeat in the 1971 Post Office workers' strike.

Afterwards Mr Tom Jackson, general secretary of the Union of Post Office Workers, as it then was, made a plea for unity at a special TUC conference of public sector unions.

Thi stime things have gone further. This week the TUC's public services committee met to see whether closer co-operation was possible. Certainly there will be much more rapid provision of information by unions to the TUC of claims and their progress through various negotiating machineries, though it is unclear whether the much-vaunted co-ordination will go much further than that.

There are clear advantages to the unions in a common strategy, as Mr Charlie Donnet, chief negotiator for the council manual workers stressed yesterday.

Last year's pay round was a classic example of the weaker groups such as the council manual workers, the health service ancillary workers, and numerous others, being dealt with individually and "picked off," while other more powerful groups—the miners, water, gas and lectricity workers—secured deals roughly twice the Government's target.

Union leaders point to the decision of a working party of the TUC's local government committee this week to set up a separate committee to try to co-ordinate all local authority claims as unprecedented in local government industrial relations.

But there are still serious difficulties in mounting a common strategy. One TUC document suggests, for example, that if health service claims "were to prove similar in practice, the TUC would then make proposals to the Health Services Committee on possible formalisation of these claims into a common claim for general union support in the NHS."

However, with 41 unions bargaining in the NHS—26 of them outside the TUV—covering such diverse groups as doctors, opticians, dentists, midwives, nurses, porters, radiographers, electricians and many others, it is difficult to see what sort of common claim could satisfy such a wide range of employees and unions.

As more unions avoid strapping themselves to a firm figure and opt for "substantial" claims seeking increases in line with inflation, a common level of claims could emerge. But if it does, it will probably be more by accident than design.

Journalists may see strike rule changed

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE LEADERSHIP of the main journalists' union will seek a change in the rule to enable it to call strike action more easily and swiftly.

It has also expelled four North London journalists who ignored a strike call, and refused to allow three other members to put the issue of their fines to a ballot.

The move will be taken following a decision by the executive council of the National Union of Journalists (NUJ) last weekend to re-admit 700 former members, expelled for defying an order to srike during a dispute in provincial newspapers three years ago.

A group of the expelled members had argued that the strike call was illegal. They said rule 20(b) lays down that the executive cannot call a strike affecting more than half of the membership without a ballot, which must show a two-thirds majority The objection was upheld in the Appeal Court and the Lords.

The change, which the executive will propose to the union's annual delegate meeting next year, will seek to abolish the rule.

While readmitting the 700 members, the executive confirmed a decision by the union's complaints committee to expel four members working for Camden and Hornsey Journals who had refused to take strike action from December last year.

It also turned down a request from three members working for the Islington Gazette—part of the same group as the Camden and Hornsey Journals—to ballot the NUJ's membership on the issueof the fines, of £750 each, imposed on them in August. The three are to take the matter to an appeals committee on October 19.

The dispute in the North London News group, the company which owns the Camden, Hornsey and Islington papers, was over the closure of the Camden Journal.

The four people expelled—Mr Barry St John Neville, Mr John Oakes, Mr Roger Simpson and Mr Joe Woodward—had all argued against the strike, and had circulated a document, Why We Are Still at Work, among striking colleagues.

Mr Howard Hannah, the father of the Camden/Hornsey Journal chapel (office branch) who brought the complaint against the four, told the complaints committee that they had defied democratic chapel votes. He denied that threats and coercion were part of chapel practice, as Mr Simpson had alleged.

Shipyard men reject action call at Vickers

By Our Labour Correspondent

TWO OF the major manual unions at Vickers shipbuilders in Barrow yesterday turned down appeals by national leaders to join the industrial action taking place in British Shipbuilders, in protest against the closure of the Robb Caledon yard, in Dundee.

Members of the General and Municipal Workers Union, with some 2,000 workers, and the Boilermakers Society, with 1,200 members in theh yard, voted not to observe the weekly one-day strikes or the overtime ban being observed in all other yards.

There were angry scenes at the Boilermakers' meeting, after a show of hands on a strike call had been interpreted by union officials as agreement. After loud protests, a further vote was taken, and a count showed a majority against the strike.

Ezra warns of coal stocks threat to jobs

By Martin Dickson

FURTHER INCREASES in Britain's high coal stocks could be a threat to jobs and investment in the industry, Sir Derek Ezra, the chairman of the National Coal Board, indicated yesterday.

His warning, coupled with a call for strict cost controls, came a day after the NCB and the National Union of Mineworkers opened negotiations for a November pay settlement. The Coal Board was responding to a 24 per cent claim.

Sir Derek said the recession meant the fight for markets was a fight to safeguard jobs. "We must succeed in our aim of limiting additions to our already high stocks because each additional million tonnes we are unable to sell freezes more than £35m of income which we need to finance investment, and represents the jobs of 2,000 men in the industry."

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Understanding why one particular marketing strategy works may be impossible. But reluctance to tamper with once-successful strategies is found in companies engaged in almost any kind of business.

The trap of marketing inertia

HOW IS IT THAT that some companies are unable to alter their marketing strategies in response to market change, while others—confronted by identical conditions—move with alacrity to modify their behaviour and so enjoy continuing success?

The key, of course, is that marketing is at best an inexact discipline. Understanding why one particular marketing strategy produces success, whilst another spells failure, may be impossible, with the result that companies can be reluctant to tamper with strategies that have worked in the past, even though conditions in the marketplace may have changed quite radically.

In the view of one U.S. academic, Prof. Thomas V. Bonoma, associate professor of marketing at the Harvard Business School, the inability of managements to react appropriately, or at all, to change, can be labelled "marketing inertia," and is found in companies large and small, engaged in almost any kind of business.

Mr Bonoma specialises in industrial marketing, and cites three examples:

● The U.S. car industry, he says, has frequently been accused of seeking short-term profits rather than long-term strength while ignoring early signals that consumer demand was calling for smaller more fuel-efficient cars, and yet General Motors was still able to react to changing market forces four years earlier than Ford.

It can be argued, he says, that GM's size and strong cash position helped it adjust more speedily; but a close reading of developments, he says, suggests *that it was factors internal* to the managements of these two companies that were most important.

● Second, none of the seven largest oil companies was prepared for the upheaval that the 1973 oil embargo caused. Yet six of them, he says, adapted quickly, and thrived, while the seventh, Texaco, experienced a near disaster. "During and after the 1973 embargo," he says, "Texaco's competitors changed their emphasis from refining to exploring, and from increasing the sale of refined products to diversifying. Texaco, however, remained committed for at least five additional years to increasing (its) refining and distribution. As a consequence, it fell from first place in profits to seventh."

● Third, a much smaller company, a $100m-a-year heavy equipment manufacturer, has consistently suffered from small market shares and low profits. Its dominant, engineering-oriented chief executive himself chooses major design projects. *Its products are consistently last-to-market, yet fail to command a significant price premium.*

When questioned about product policy, the chief executive admitted some concern about the company's almost non-existent *profits, yet remained convinced* that being early to market was not essential, since customers would "eventually come around" to the superior quality of his company's products.

"Inertia can develop as a successful company lets itself get out of touch with its customers, sales force, or distributors," says the professor. "Usually a gradual but substantial shift in customer preferences, competitive behaviour, or, increasingly, government directives, precedes marketing inertia. The corporate market for telecommunications services, for example, has shown all three kinds of change in the last few years."

The rate of market drift can vary, he says. When market drift is insignificant and marketing inertia the opposite, the inflexibility of a company's marketing approach, he says, is usually harmless. But when both inertia and market drift are extensive, the consequences are *almost* always *harmful.*

Marketing inertia, says Harvard's Prof Thomas Bonoma, can be found in almost any industry, from steel to office copiers. When superimposed on market drift, its consequences are invariably harmful.

The main cause of marketing inertia, he says in the *current issue of the Harvard Business Review,* is rigidity of values which leads managers to prize things the way they were done in the past. As a result, a *marketing strategy successfully* introduced long ago by managers still in positions of power is liable to acquire the status of dogma, which is why managers may resist calls to abandon or change the strategy when conditions change.

A striking example, says Mr. Bonoma, is Montgomery Ward, the U.S. retail giant, which was "driven to disarray" by several generations of family management and an insistence on sticking to outdated products, store locations, and merchandising policies.

"A company's perceptions can also restrict its response," he says. "Texas Instruments, for example, has encountered marketing difficulties stemming from its overriding belief that low prices lead to market share dominance."

Finally, he says, managers of successful businesses are often conditioned to avoid risk and seek quick pay-offs: "A company that made zinc, for example, responded to the triple threat of foreign competition, domestic *production overcapacity,* and narrow product line with a grand programme of trade *promotions and advertising.* This marketing response, grossly inconsistent with the nature of the market threat, was low in risk, but it avoided the problems *needing solution.*"

The professor also warns that imitating others can spawn marketing inertia.

In its textbook form, he says, marketing offers *several* ways to help tune corporate response to market demand.

"Marketing inertia can be thought of as a restriction on the range of these options. *If* the marketing mix is pictured as a set of adjustable valves between producer and consumer, marketing inertia freezes those valves in positions found appropriate in the past."

How about treatment? Unlocking the valves, says Mr Bonoma, requires resolute management effort. A feasible way of re-examining what is being does is the marketing audit. Ordinarily, he says, marketing audits, usually by outside experts, involve not only the evaluation of quantitative marketing data, but interviews with management, distributors, and customers as well.

"One way of redirecting management's attention to the market," he says, "is to collect information about marketing productivity, the sales force, and account controls. Marketing productivity measures, like the number of staff members per dollar of generated revenue, help focus attention on marketing return on investment.

"Another way to redirect management's attention to the market is simply to encourage contact between customers and management.

"One company regularly schedules a day per month for top marketing managers to take a roving tour of both important and average accounts. Managers in this company are also known to roll up their sleeves and man a distributor's counter for a morning, or to ride around with salespeople. Value rigidity tends to dissipate in the field."

The professor also offers useful advice on the product, price, and distribution fronts. For *instance, he says, if current* distribution outlets are no longer adequate for contemplated line extensions, the market may be abandoning its old ways.

A major manufacturer of machine tools, for example, has found its distributorships unable to sell or service a low-priced robot manipulator and controller. Since the company expects to continue introducing similar products over the next five years, it is considering not only alternative methods of distribution for this product, but also the needs of customers and the methods required to reach them.

The essential problem of marketing success, he says in summary, is that it can breed contentment and rigidity of values. But customers, competitors, and *markets* change, so that what worked before can become a trap that causes failure in current marketing endeavours.

MONEY-SPINNING DAIRY SALES

What the Munch Bunch means to Eden Vale

THE MUNCH BUNCH yogurt range may not win any awards for the most sophisticated new product launch of the year, but for Eden Vale it is proving one of the most successful money spinners *in the fast-growing* chilled dairy products sector, writes **David Churchill.**

Munch Bunch yogurts, based on television characters such as Benny Blackberry or Sally Strawberry, were launched by Eden Vale as a means of stimulating even further the influence *of children in yogurt sales. The* company estimates that Munch Bunch sales will have been responsible for about 4 per cent of the £110m UK yogurt market this year.

Total sales of fresh chilled dairy products, including yogurt, cream, and cottage cheese, are expected to show a volume growth of 9 per cent this year—taking the total market to around £245m at a time when most food sectors are dull and static.

The forecast comes from a new market review by Eden Vale, part of Express Dairies, which now claims overall leadership in the chilled dairy sector.

Eden Vale's estimates for 1981 suggest that fruit yogurt will have seen the fastest growth, with sales up a tenth by value at £99m. Cream sales will have risen by an anticipated 5 per cent to £60m, and cottage cheese will have grown by 8 per cent to £34m. Sales of fresh chilled salads are expected to rise by 9 per cent to £21m, *desserts* up by 5 per cent to £20m, and natural yogurt is likely to grow by 7 per cent to £11m.

Etcetera

FRESH CHILLED DAIRY PRODUCTS, UK, 1980

	Value £m
Fruit yogurt	81.2
Cream	52.
Cottage cheese	28.2
Salads	18.2
Desserts	17.6
Natural yogurt	9.6

Source Eden Vale

In all these markets, Eden Vale claims to have at least a third of total brand sales, ranging to nearly half the market for natural yogurt.

The yogurt market, being the largest and fastest growing, is examined in some depth by Eden Vale. Independent research from a number of sources, including Nielsen and TCA, shows that about 50 per cent of consumers buy yogurt at least once a week, with a fifth claiming to buy it three *times a week.*

Although both fruit and natural varieties have traditionally enjoyed peak sales in the summer, this pattern is fast disappearing. Over 80 per cent of yogurt buyers claim to eat it all year round; those most likely to follow seasonal con*sumption patterns are in* the lower socio-economic groups.

Research has also shown that yogurt is predominantly bought from supermarkets, which account for eight out of ten purchases.

The influence of children on the frequency of purchase cannot be overstated, says Eden Vale.

In half the households surveyed, husbands were also said to be yogurt eaters — emphasising that yogurt is a mainstream grocery product and not a faddy diet food.

Eden Vale, not unnaturally, takes a swipe at retailers who run out of stock. It estimates that total chilled dairy sales lost to grocers last year in this way amounted to almost £15m, a third of that accounted for by fresh cream being out of stock.

Jaws snaps up top rate

ARIEL AUTOMATIC, Procter & Gamble's belated big-budget rival to Lever's Persil Automatic in the £170m UK automatic washing powder market, is expected to make its television debut during tonight's screening of Jaws, though the agency involved, Saatchi & Saatchi, is being modest to the point of silence about the brand's promotional plans.

Whatever Ariel Automatic's *fate, Jaws is still a winner.* In the London area, Thames TV says it has sold all Jaws breaks —14 minutes of commercials during the film, plus six at *start and end—at the top F4* rate of £13,000 per 30 seconds, for a total of £260,000.

Thames says ITV's autumn schedules are proving the strongest for years, and is predicting an extremely firm last quarter.

ITV is enjoying a good year. Net revenue over the first eight months was £348.3m, while the full-year total will clearly exceed last year's £529m.

But there is no clear pattern. Media Expenditure Analysis figures for rate-card expenditure on ITV, published by Admap, show that over the first seven months of the year, the TV total for chocolate confectionery was 42 per cent higher than last year, at £28.03m, *whereas beer advertising* was only 17 per cent higher, at £23.21m.

Other categories (MEAL, TV only, first seven months): *department and retail stores,* £22.89m (+ 61 per cent); cars, £17.75m (+ 23 per cent), and Government departments and service recruitment, £12.09m (+ 3 per cent).

Biggest gains in Press display advertising (same criteria) include building societies, 37 per cent higher at £9.95m; Government and service recruiting, 22 per cent up at £11.85m, and department and retail stores, 16 per cent higher at £51.27m.

○ WEETABIX is reviewing its main brand account, worth £2.5m at present. Agencies involved are the holder, D'Arcy-MacManus and Masius, Allen Brady and Marsh, Ogilvy and Mather and Saatchi's.

○ J. WALTER THOMPSON has declined to repitch for the Platinum Guild's £750,000 UK jewellery account.

○ JOHN PAGE, 48, JWT's finance director since 1971, is joining the Charles Barker Group as director of finance. He succeeds Michael Horstead, who is retiring.

○ VALIN POLLEN, the corporate agency formed two years ago, says billings are now worth more than £3m.

TECHNOLOGY

EDITED BY ALAN CANE

Post Office system to speed packages

BRITISH TELECOM, inevitably, may have the lion's share of the publicity in the provision of new, electronic communications services, but that has not dissuaded the Post Office from attempting to improve its traditional role by using computers.

A new courier-type service, Royal Mail Special Services, bringing together the existing Datapost and Expresspost services, has been launched in the West Midlands for a six-month trial period.

The aim is door-to-door deliveries on demand, either the same or overnight—no different to the aims of the existing services. The difference is a computer scheduling system, *running on an ABS MX55 computer*, which provides the communications links between customer, despatcher and despatch riders.

Telephone calls from customers are received at the control centre by despatchers who enter the details into the computer system. It provides details of the cost and time needed for delivery.

The software, written by Rika of Nottingham, makes automatic allowance for distance, package weight and time of day. If and when a delivery order is placed, the system checks the postal district from which the despatch will be made and transmits the information to a matrix printer in the head post office.

Documentation printed includes a gummed address label for the package, a receipt and a delivery note.

As well as matching packages to despatch riders, the system will be able to provide management information about the effectiveness of the service. The pilot scheme is linked to the national and international Datapost service, to Express post and *to the Intel facsimile transmission service.*

ABS, part of the Trafalgar House group, is one of a tiny clutch of UK minicomputer manufacturers. Its MX 55 system has 128,000 bytes of memory and supports six video terminals for despatchers and five remote printers.

If successful, the trial could be extended to all 10 UK postal regions.

Zilog's business machine

ZILOG, MICROCHIP wing of oil giant Exxon, has introduced a 16 bit computer system based on the Unix (Bell Labs) operating system and optimised for commercial applications.

Called System 8000, the machine uses the Zilog Z8000 processor and is described as offering minicomputer performance in a small, quiet package designed for the general business environment.

Eight users can be accommodated and with a 24 megabyte disc and the new software (which Zilog calls Zeus), the system sells for under £20,000.

An interface that will allow the machine to work into the company's Z-net local area network product will be announced next year.

According to Mr A Piedra, general manager of Zilog's European Division, the machine has a level of performance comparable to that of popular minicomputers "at a fraction of their price." He says that, with the user in mind, "the software dictated the hardware characteristics — a rather unusual occurrence in advanced small business systems." More on 0628 36131.

'All-glass cockpit' makes its debut

BY GEOFFREY CHARLISH

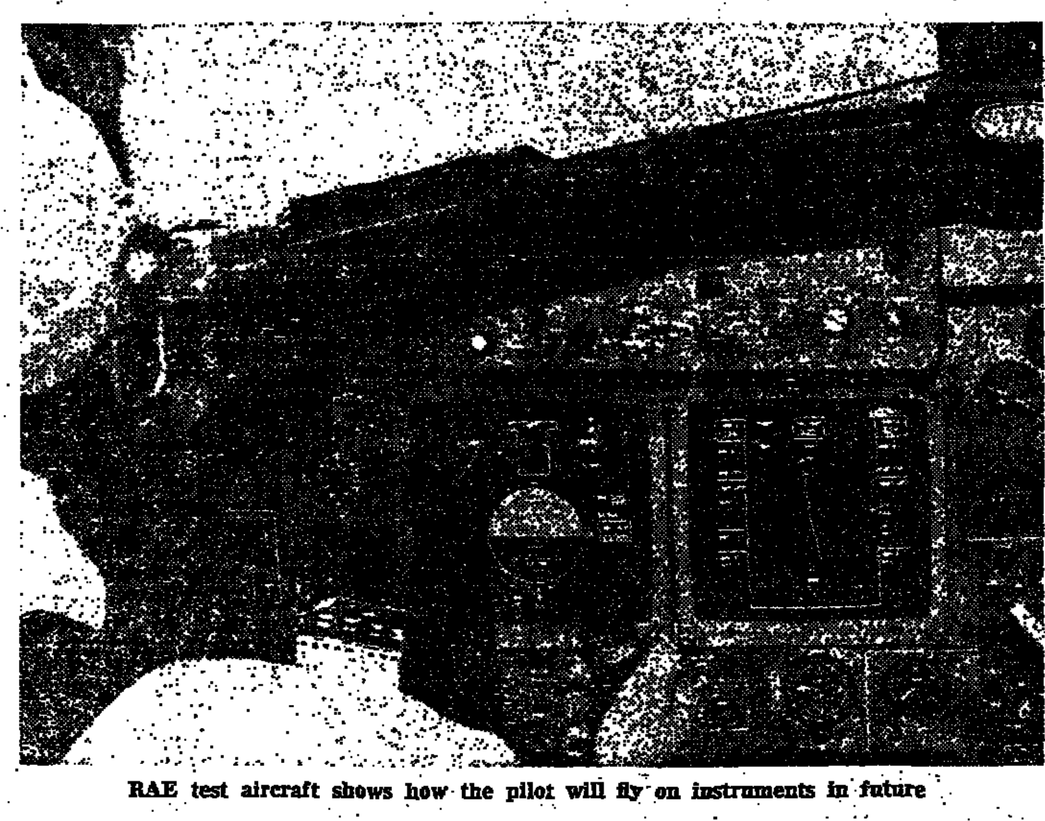
THE DAYS of the "pointer on a scale" display on the flight deck of an airliner are numbered.

New designs of aircraft will have what is already being referred to in avionics circles as "the all-glass cockpit," in which conventional electromagnetic dials on the instrument panels will be superseded by up to six colour cathode ray tube displays of great clarity and convenience. Operational cost savings will result.

By the turn of the century the multitude of two- to three-inch diameter dials—they are really no more than sophisticated ammeters—will probably have gone for good.

Britain's contender for this big new market, particularly in Europe, is Smiths Industries. With £3.9m of Department of Industry funding, a team at the Royal Aircraft Establishment, Bedford, has been using SI's displays in its test-bed BAC 111 this summer, making it the first aircraft to fly large colour CRT displays on the flight deck. The displays are totally integrated with the aircraft's flight systems.

SI already has firm orders for flight management systems on the A310 Airbus fleet of Kuwait Airways, British Caledonian, Air France and Saudia. On October 20, the RAE 111 will be off to Toulouse for demonstrations aimed at winning business for displays on Airbus Industrie A320.



RAE test aircraft shows how the pilot will fly on instruments in future

After that the team is bound for the U.S. to crack a somewhat harder nut—Boeing and the U.S. airlines—where it will be up against Collins, Sperry and Bendix. Smiths Industries believes it could become a second source supplier of the displays in the 737-300, the 747, 757 and 767, as well as in the recently announced M-Donnell-Douglas-Fokker MDF 100.

Why are the new types of display likely to become the norm?. The answer lies in the operational aim of all airlines—to carry maximum load at minimum cost while maintaining, and preferably raising safety standards. Traffic and airspace demands will call for more efficient traffic management, particularly if aircraft are to be allowed to fly near-optimum profiles to minimise fuel use; there will be ever increasing restraints on pilot and aircraft. More accurate and predictable short and long distance navigation will be a fundamental need, demanding closer integration between the pilot, his flight system, and air traffic control.

There is no *shortage* of data from modern electronic navigational aids, and it can be mustered with increasing ease by digital computing and storage techniques. It only remains for the systems to tell the pilot what they are doing, and that is a matter of adequate display technique.

Better displays, together with better navaids and control systems have been shown to pay off at RAE. There, assuming a typical European journey in the BAC 111, a two per cent distance saving yields £70, improved climb and descent £110, reduced deviation from optimum cruise altitude £50, and minimised holding in the stack £40. RAE *calculates that* a minute saved on each European flight signifies a saving of £27m a year.

With electronic displays, the pilot no longer has to scan many dials to decide what is relevant says SI. The information on the CRT screen can be changed under software control so that, depending on the phase of the flight, only data needed for the safe and efficient management *of the aircraft at that moment* is presented. The result is a reduction in workload.

Smiths has put a pair of eight inch square displays into the RAE BAC 111, one for primary flight data such as airspeed, altitude, horizon indication, rate of climb, power demand, and the other consisting of a flight path display.

The horizon situation indicator becomes particularly easy to appreciate by use of colour: the sky is blue and the ground brown. The speed and altitude indicators are "dials" with "pointers" (although linear scales can be provided) and the numerical value is shown at each moment in the middle of the dial.

The navigational display, which derives its data from such systems as *DME* (using radio beacons) and inertial navigation devices, enables the pilot to fly a predetermined path automatically. A segment of compass rose is shown across the top of the screen and the position of the aircraft is shown as a symbol moving along the path, always in the head-up position; as the plane changes course, the whole display rotates accordingly together with the compass rose. Fixed points such as beacons move across the screen accordingly.

Any other desirable data such as speed and altitude can be shown at fixed sites on the screen. The flight plan altitude at each waypoint is also displayed, beside the point in question.

The software control of these displays is their single most important technical advantage. A choice of six colours from a repertoire of 16 is provided; they can be whatever a particular airline wants and the actual data chosen for programming into the display computers can be similarly chosen. At the operational level, the pilot can also have discretion as to what appears on the screen. In addition, displays can be switched between screens in the event of a fault.

There is a certain amount of objection from the world's airline pilot's associations. With *these systems it becomes* possible to fly the aircraft without an engineer. The two or three man crew problem has yet to be resolved in some airlines. An RAE test pilot, not prepared to be named, said that he "could never see the need for a crew exceeding two on the flight deck."

The only odd aspect of the displays is that they use Japanese cathode ray tubes. But that is expected to be remedied soon.

Increasing the life of tools

AN AVERAGE increase of six times the life of most tools has been achieved with a new chemical vapour deposition (CVD) process claims GKN, 22, Kingsway, London WC2 (01-242 1616).

Introduced by the company's subsidiary, PFD, the process is said to have achieved a remarkable growth rate over the last few years in the U.S. and Japan where it has extended the working life of tools in a number of industries.

Coating materials used are Titanium carbide (TiC) which has a dark grey finish, and Titanium nitride (TiN), of gold colour. The former material is most effective on its own for high abrasive wear applications but, as a multi-layer coating with TiN coating, it prevents fusion and galling.

Equipment for the process is being bought from Scientific Coatings of Troy, Michigan, U.S., said to be one of the world's major suppliers of CVD process plant and finishing technology.

Among the industries which will benefit from this process are sheet metal formers, foundries, forging, rubber and plastics and motor cars.

The range of materials which can be coated includes high speed steel, air hardening tool steels, hot work steels, carbide cutting and metal forming tools.

Stud-welding on thin material

THE AGE-OLD problem of stud-welding on to pre-coated, thin gauge material without breaking through the insulation coating and without affecting the coating or distortion of the metal has been overcome according to S and D Rivet of Leicester.

Mr Jim Simons, managing director of S and D says that he is confident that the new system will provide savings in any industry using pre-coated or thin gauge materials. More on 0533 736541.

Signal generators from Marconi Instruments

BETWEEN THEM, two new signal generators from Marconi Instruments of St Albans (St Albans 59292) cover a frequency range of 80 kHz to 1040 MHz.

These instruments can store up to 50 control settings in a non-volatile memory. A liquid crystal display provides an indication of all the major settings.

An incrementing facility allows stepping of carrier frequency, modulation and output level in exact steps of any magnitude, with an indication of the total shift.

The instruments can be used manually, or can be programmed for use in automatic test systems.

Model 2018 covers the range 80 kHz to 520 MHz and the other unit, model 2019 can work between 80 kHz and 1040

Pressure measurement by decomposition device

A PRESSURE measuring device in the form of a decomposition device then can take pressures up to 1,200 psi, designed for the analysis of chemical properties of propellants and explosives is now being marketed by the Uniseal Decomposition Vessels Company of Nahariya, Israel. It is claimed to be unique in that it eliminates any direct contact between the chamber in which the substances are analysed and the measuring instruments.

Biotechnology

BIOTECHNOLOGY, THE use of living organisms in industrial and manufacturing processes, has been reinvigorated by the development of genetic engineering, manipulation of the hereditary material of the cell.

Today, the Financial Times begins a major series on the chief biotechnology companies and their prospects. David Fishlock, Science Editor, introduces the series on page 22. tomorrow, he discusses the corporate plan for Celltech, the UK's state aided genetic engineering company.

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Short term finance of up to two years with additional support services. Midland Bank International is also active in providing finance for credit periods of less than two years.

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We are engaged in supply, distribution, trading and transportation of crude, mineral oil and petrochemical products as well as solid fuels in domestic and international markets.

For our expanding international mineral oil products supply and trading division, located in London, we invite applicants for the position of

INTERNATIONAL CARGO-TRADER

Candidates should have at least several years of international experience in mineral oil-trading, with good relationships to producers, refiners, traders and brokers.

Conditions: Appropriate terms will be offered to the suitable candidate.

Please address your written application to our Hamburg Office, Neuer Jungfernstieg 20, D-2000 Hamburg 36, Federal Republic of Germany, for the attention of the General Manager. Phone (40) 351901 (35004-0).

THYSSEN BRENNKRAFT GMBH

Hong Kong Equities Fund Manager.

Our client, a leading British Merchant Bank with a well established presence in Asia is seeking an experienced Equities Fund Manager aged between 28 and 33 years to join the Bank's growing Investment Management Department in Hong Kong.

Responsible primarily for the management and analysis of Hong Kong Equities, the successful candidate will also assist in marketing investment management services to institutional and private clients in the Pacific Basin region.

A graduate, with three to five years investment analysis and fund management experience is sought. A knowledge of Hong Kong Equities is desirable but technical expertise and the ability to communicate with clients at a senior level is of paramount importance.

Our client wishes to attract a candidate of the highest calibre and is *accordingly offering an exceptionally* attractive compensation package including a performance related bonus and housing.

Please write with full career details, in confidence to:-

St. James's Corporate Consulting,
Box FT/701, St. James's House,
4/7 Red Lion Court, Fleet Street, London EC4A 3EB.

The Vantona Group is one of Great Britain's leading **textile and clothing manufacturers with sales exceeding £100 million.**

It is Group policy that subsidiary companies have considerable autonomy in their activities and the Managing Directors of these companies—which individually have sales of many millions of pounds—make their own manufacturing and marketing decisions.

The Group is seeking applications for the following appointments from people capable of continuing this policy. There are vacancies for:—

MANAGING DIRECTOR

for one of our Towel Manufacturing Businesses in Lancashire

ASST. MANAGING DIRECTOR

for the Household Linen Company in Northern Ireland

These major responsibilities are rewarded with attractive salaries and other benefits.

Only candidates with a proven track record in developing and managing sizeable businesses (not necessarily textiles) should apply in strict confidence with short c.v.'s and indication of current earnings to:

Lewis R. Goodman Esq., Director.
Vantona Group p.l.c., 157 Edgware Road,
London W2 2HR.

Vantona Group

British Shipbuilders
FINANCIAL CONTROLLER

Attractive salary + major benefits

British Shipbuilders is a major Corporation with shipyards, ship repair yards and marine engineering establishments throughout the UK.

Internal promotion has created a requirement at our Newcastle headquarters for a Financial Controller. The main duties of this extremely important position are to *establish and maintain suitable* financial control systems over the activities of the Corporation including consolidation of *accounts, budgets and reports;* head office and statutory accounting requirements; reporting to government and providing general financial *advice.*

A *professional accounting* qualification, such as Chartered Accountant, is essential and preference will be shown to applicants with a degree. At least five years relevant experience at a senior level in commerce, industry or the public sector is essential and it is unlikely that *anyone under the* age of 30 will have the background of experience required.

The remuneration package includes *an attractive salary and major* benefits which include generous relocation assistance, if required, to the Newcastle area.

For an application form please write to:
J. S. Lindsay, Personnel Manager, British Shipbuilders,
Benton House, 136 Sandyford Road, Newcastle upon Tyne NE2 1QE.

CHIEF ACCOUNTANT

LUSAKA **to £17,000+House+Car**

Our client, a £7m turnover company importing and distributing motor vehicles, wishes to recruit a young qualified accountant. Reporting to the General Manager he will be responsible for the accounting function and will also be heavily involved in transferring systems from a bureau to an in-house, on-line system.

This is an excellent opportunity for an adventurous and resourceful accountant to gain broad commercial experience and responsibility with a major multi-national group.

An initial two-year contract is offered and the package includes salary and terminal bonus. House and car are provided and there is six weeks' annual leave, *fares paid, to the U.K.* ***Applications to E. S. Moore***

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387.

ASTLEY & PEARCE LIMITED

A vacancy exists for a
Senior Broker
with proven experience in the Forward Exchange market, to be employed in New York.

An excellent salary and benefit package will be offered to the successful candidate, who will already be handling high-level broking responsibility.

Please reply in confidence to:
Mr. R. C. Lacy
ASTLEY & PEARCE LTD.
80, Cannon Street, London EC4N 6LJ

FUND MANAGERS
EQUITIES

FAR EAST: Due to expansion of international funds under management, a major investment group is seeking to appoint an experienced fund manager/analyst to assist in the analysis and management of Far East equities.

The right candidate will have a university degree or equivalent professional qualification and at least three to five years' investment experience. While a knowledge of Far East markets is desirable, it is not essential.

U.K.: Vacancies also exist for experienced U.K. fund managers, with at least three to five years' investment analysis and fund management experience.

Highly competitive salaries will be paid for both appointments.

Please write to:
Box No. 1966, c/o Extel Advertising
4 Bouverie Street, London EC4Y 8AB

JOBS COLUMN

Warning—systems may be the death of us

BY MICHAEL DIXON

KING HENRY I in December 1135 seems to be the most recent case of someone's dying of a surfeit of lampreys. And given the dictionary's unappetising description thereof as "eel-like pseudo-fish with sucker mouths" one can understand why that particular bit of history has not repeated itself.

It takes only a little stretching of the imagination, however, to apply the same description to something else which looks to be threatening more than one western-style democratic society at the moment—to wit, a surfeit of systems.

The section of these societies most in danger of strangulation is the young. Life for them can no longer be fairly called an adventure. It has become a conducted tour. Admission to more and more careers is by ticket only. Whether or not the young job-candidates have what are deemed the necessary tickets often depends less on their own initiative than on decisions made for them by parents and teachers years before.

It is ironic that much of the enthusiasm for more systematic education, training, recruitment and promotion arose from the belief that this would foster both economic advance and social fairness. The systems may not be positively to blame for the fact that few of us have become richer as they have ramified, but they have certainly not arrested the economic decline. At the same time, it has evidently become not easier but more difficult for a young person to overcome the disadvantage of being born in the worse-off sections of society.

Evidence of how ostensibly impartial systems of recruitment work to the worsening disadvantage of the least fortunate, is supplied by a report published the other day by the Commission for Racial Equality. Called "In search of a skill," the report describes a study of the procedures used by nearly 400 organisations in Birmingham when selecting young trainees for skilled work.

Popular

One popular method of whittling down initial applications was to reject out of hand all applicants who lived beyond a certain distance from the organisation's premises.

"This means that for those firms which are situated in the predominantly white outer-ring areas of the city and which operate a catchment-area policy, black young people are virtually excluded from the beginning," the report states. "The corollary of this should be that a catchment-area policy of firms in areas of black population should work to the advantage of local black youngsters. However, this is not quite straightforward. Firms situated in the inner ring and central areas are apparently less likely to operate a catchment-area policy."

A "surprisingly large number" of the recruiters studied gave preference to applicants whose families had connections with the organisation. Since the existing workforces were disproportionately white, this preference automatically worked against West Indian and Asian youngsters regardless of their suitability for the posts in question.

Moreover, in the interests of limiting applications to a conveniently small number, many of the employers did not advertise the traineeships they had available or even make the vacancies known to the local careers service. This increasingly left young people to find out about the openings through informal contacts which were generally better developed in the white communities.

"When asked how they had heard of their job, 45 per cent of white boys said that they had heard of it through their families. This was the case for only 9 per cent of the boys from ethnic minority backgrounds," the researchers report.

In the same way the white communities seemed more aware of the fact that, because of unions' insistence on tying pay to age, many employers will not take on trainees who are older than 16. Consequently there was a greater tendency among the black teenagers to disqualify themselves for skilled work by staying on at school for a further year or more.

What seems to be the most commonly used systems for reducing an unwieldly mass of initial applicants is to discard all who do not meet certain predetermined educational criteria—usually a good performance in at least basic subjects in the national 16-plus examinations.

The best evidence of how this system works in racial terms is provided, not by the Birmingham study, but by the report published in June on the official inquiry into the education of children from ethnic minorities. Its survey of school-leavers in six local authority areas showed that higher grades in the 16-plus exams in English were gained by only 9 per cent of the West Indians and 21 per cent of the Asians, as compared with 29 per cent of the other candidates. "In mathematics only 5 per cent of the West Indians gained higher grades, although the Asians did well with 20 per cent against the other teenagers' 19 per cent.

Despite those differences, it would be perfectly right and proper for employers to apply the exam criteria provided that these were a proven indicator of abilities essential to successful accomplishment of the work concerned. But the Birmingham study adds to the mounting evidence that this is not so. Its survey of the teenagers who had been taken on as trainees showed that one in every five had not even taken any 16-plus examinations "and that these were mainly white boys."

The systematic screening out of applicants by application of irrelevant academic criteria thus works against the law on race relations. But that is not all. Odd though it may seem, the same screening system works in conjunction with the sex equality law so as to perpetrate other forms of inappropriate discrimination which although not illegal, are equally invidious.

Class bias

In every national academic examination, and not just in the United Kingdom, middle-class candidates do better than those from lower in the social pecking order. At each higher stage of the academic hierarchy—from 16-plus to 18-plus, and from 18-plus to degree exams—the proportion of middle-class people among the successful candidates increases.

Employers' growing insistence on examination success thus combines with the operation of the sex-equality law to produce a particular tendency. It is for middle-class women, who usually marry middle-class men, to be recruited into higher-grade jobs which formerly went to working-class men who also usually marry women from their own section of society.

So just as the recruiting systems described by the Birmingham study work to exacerbate racial tensions, the combination of systematic screening by irrelevant educational criteria with the pressure for sex equality is inexorably sowing the seeds of disruption in the deeper foundations of society.

There is surely an urgent need for all employers, including central and local government who are by no means the least offenders, to investigate their systems of recruitment and swiftly throw out those which threaten to have such baleful effects. Rather than apply any screening criterion which is not a demonstrably reliable indicator of success in the work concerned, organisations would do better to whittle down the initial applications simply by drawing the required number of names out of a hat. Otherwise we would seem liable to go on stuffing ourselves nigh unto death, not with lampreys, but with dynamite.

Private Clients Investment Management

Kleinwort Benson Investment Management Limited is looking for an Investment Assistant to join the Private Clients Section.

The successful candidate is likely to be aged 23-27. He/she must be able to communicate effectively with private clients both in writing and orally, and have not less than two years' equity portfolio management experience, preferably international, together with a knowledge of research analysis.

The appointment will offer a competitive remuneration package, including house mortgage assistance, a subsidised restaurant, non-contributory pension scheme and free life assurance.

Applications with curriculum vitae should be addressed to:
P. F. G. Barnes, Assistant Director, Personnel,
Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB.

KLEINWORT BENSON
Merchant Bankers

ASSISTANT COMPANY SECRETARY

c £12,000+benefits

The Company—PPP is a rapidly growing company in the provision of private health insurance.

The Job—Based in Tunbridge Wells and reporting to the Company Secretary, who has corporate, legal and general management responsibilities, the appointee will have prime responsibility for secretarial and corporate subjects and provide assistance on legal matters.

The Requirement—Applicants should have considerable previous experience and be capable of acting alone and under pressure. They should be conversant with corporate and commercial law, reliable in practice, able to assimilate and resolve problems, articulate and familiar with committee work. Applicants should be chartered secretaries with legal qualifications or proven experience. Aged not less than 35.

The Rewards—Salary circa £12,000, pension scheme, free PPP medical insurance and favourable mortgage facility.

Action—Please write or phone for an application form to the Personnel Manager at the address below.

PPP PROTECTS
Private Patients Plan
Eynsham House, Crescent Road, Tunbridge Wells, Kent TN1 2PL
Telephone Tunbridge Wells 40111

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We are interested in recruiting newly/recently qualified accountants who want to develop their commercial experience by joining us.

You will rapidly obtain a variety of experience in all types of insolvencies. Not only will you have opportunities to participate in the running of businesses in receivership, but also to undertake investigation work with an emphasis on reorganisation and rescue.

The limit to your responsibility will be determined only by your own ability and keenness for self-advancement.

We have offices in almost every major business centre in the UK and can therefore offer you virtually unrivalled opportunities for progression. You will find not only a consistently high standard of performance, but also a tremendous commitment towards seeing a job well done.

Why not examine your career progression to date and your prospects for the future?

If you want to stay in the profession, acquire commercial expertise and at the same time advance your own career prospects, contact us by telephoning Nick Lyle on 01-405 8422 or write to him at

Fairfax House,
Fulwood Place,
London WC1V 6DW.

SENIOR FOREIGN EXCHANGE DEALER

LONDON

We are currently seeking an experienced Foreign Exchange dealer to work in London to join our successful team.

Applicants must have at least 4 to 5 years experience in active foreign exchange trading, with an emphasis on Spot and forward trading and customer liaison.

The successful candidate can expect a competitive salary and excellent fringe benefits.

Please send full personal details and career history to:
D. Colley,
Merrill Lynch International Bank Ltd.,
27 Finsbury Square,
London EC2A 1AQ

Merrill Lynch

Manager Corporate Accounting

c.£19,000+Car

This outstanding opportunity is with a major British based International Group, manufacturing a wide range of industrial and other products, with a turnover in excess of £1,100 million, operating in more than 45 countries.

They now wish to appoint a Manager Corporate Accounting for their UK subsidiary's central finance department, based in West London. Reporting to the Controller and supported by a small staff, responsibilities will include the management and processing of all accounting information, providing guidance to divisional finance staff on accounting matters, recommending and implementing policy, and assessing the impact of accounting standards and other external influences on the Company's practices.

Chartered Accountants, probably aged 28-35 currently with a professional firm or who have already augmented a professional career by some experience in industry, must be able to communicate ideas clearly and must be interested in understanding the commercial realities of the business.

Please write with full career details, in confidence to:-

St. James's Corporate Consulting,
Box FT. 702, St. James's House,
4/7 Red Lion Court, Fleet St., London EC4A 3EB.

RH

SYSTEMS ANALYST/ COMPUTER AUDITOR

The Brussels branch of an International bank wish to recruit an experienced computer auditor. He/She will be one of a team of three whose collective responsibilities will cover the whole area of systems evaluation/development. In addition to a positive attitude to relocation abroad, and a knowledge of French, the appointee should be capable of rapid promotion within the bank, either in the auditing environment or in other areas.

DEALER – US BANK

A US bank with a well established London branch wish to recruit an experienced dealer for their active dealing room. The appointee will be involved in deposits as well as foreign exchange so good 'all round' experience would be an advantage. Salary to *£19,000+Benefits.*

INTERNAL AUDITOR

City c£13,000

This expanding branch of an European Bank wish to recruit an experienced internal auditor. The main responsibilities of the appointee will be to ensure that systems and procedures are updated in step with the bank's development. Applicants should therefore have a good knowledge of credit lending and foreign exchange procedure as well as the normal accountancy systems.

LEE HOUSE, LONDON WALL, LONDON EC2Y 5AS.
TELEPHONE: 01-606 6771.

ROBERT HALF

Financial Public Relations Executive

Streets Financial, one of the country's leading financial public relations and advertising agencies, is seeking a junior executive to join its public relations team.

The person we are looking for will have a high degree of self-motivation and self-confidence and will probably be in the mid-twenties, currently working for a stockbroker, bank or in another financial discipline.

The post offers a highly competitive salary, good prospects and excellent working conditions.

Applicants should write with full c.v. to Jem Miller,
Streets Financial Ltd,
18 Red Lion Court,
London EC4A 3HT.

Streets Financial

Banking Opportunities

Eurobond Salesperson **c.£20,000**

Eurobond Sales Executive required by a major International bank, must have at least 3 to 4 years sales experience and a thorough knowledge of the Eurobond market, both primary and secondary. The ideal person will be aged mid 30's and be able to communicate at senior level with institutional investors and clients.

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Dealer, aged late 20's, required by a licensed deposit taker, to join a team of professional dealers. Five years' experience in spot and forward trading of most currencies, and deposits.

Credit Analyst **c.£11,000**

Analyst, aged *30/40's, required by a major International bank* with appropriate training and experience, to work on analysis of multinational corporations' annual reports and other financial data in respect of potential and specific lending opportunities. This position would suit someone who wishes to remain a *credit analyst and take on more responsibility as the department* expands.

Credit Analyst **c.£10,000**

International bank requires Credit Analyst, aged late 20's, with *U.S. Credit training background to work on the analysis of* European and Latin American credits. An ability to speak French and Portuguese would be useful.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX
01-283 9953

Banking Appointments

Senior Lending Officer, International	£ negotiable
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Please phone Sheila Anketell-Jones
01-236 0731

Q.S. Banking
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SENIOR BANKING APPOINTMENTS with a FAST EXPANDING FINANCE GROUP

Our client requires the following key personnel at a significant stage in the development of its licensed deposit-taking subsidiary:

Asset Manager – £12-15000
To control and administer the complete asset/loan portfolio in sterling.

Manager – Deposits – £10-12000
To administer short and medium term customer deposits and develop a new range of deposit products.

Asst. Banking Manager – £8-10000
Responsible for all aspects of general customer services etc.

These three positions call for experienced managers with both a committed and self-motivated attitude to the task in hand. A background in domestic or merchant banking although not essential should provide a sound platform for career development with this growing and determined organisation.

Contact Tom Kollinsky in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812/3/4/5

Business Minded Accountant

(AMBITIOUS YOUNG ACA)

to £11,000+car

EDENBRIDGE, KENT

High quality products, an innovative management team and a sound investment philosophy has meant that this British company, already a market leader, is now poised to expand its traditional markets both at home and abroad.

As a private group which has established itself over the years it is looking forward to a period of *considerable growth and therefore wishes to recruit an astute Accountant with business* management potential.

Controlling a small accounts department, the successful candidate's role will embrace statutory & monthly reports, budgets, forecasts and cash management. There will be day to day contact with the Financial Director and direct involvement in such areas as investment appraisal, planning and systems development.

The appointee will have ample opportunity to initiate and develop ideas and will be expected to *present a convincing case to the Board when necessary. Career prospects both in the* short & long term are excellent.

Interested candidates should apply in confidence to:-

Sheldrick, Sedgwick & Goodyer
25 John Street, Gray's Inn, London WC1N 2BL 01-405 9843

LIFFE

THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE

MANAGER - MARKETING & EDUCATION SERVICES

LIFFE is planning to commence trading in the second half of 1982. In preparation for this the Exchange will embark on a comprehensive marketing and educational programme for the financial community at the beginning of next year. We wish to recruit a Manager to organise and run this programme.

The successful candidate must have a sound knowledge of financial markets and be able to demonstrate that he or she has the qualifications and experience to undertake this exciting and demanding job.

Salary will be negotiable around £17,500 plus pension, medical insurance and a car.

Please write with details of your career to:
Michael Jenkins, Chief Executive,
The London International Financial Futures Exchange,
66 Cannon Street, London EC4N 6AE.

Portfolio Management

Tunbridge Wells, Kent

Reliance Mutual Insurance Society Limited require an Assistant to the Investment Manager of the Group. This vacancy has arisen due to an internal promotion.

The main responsibility will be to assist in the management and administration of the portfolios and deputise for the Investment Manager in his absence. The successful candidate will be initially expected to concentrate on the UK equity market and to make an early contribution to the Group's investment strategy and at a later date might assume responsibility for part of the portfolios.

Applicants with a degree should have a minimum of two years' investment experience with an institution or stockbroker. Applications from non-graduates with longer periods of experience are also invited.

The commencing salary will be negotiable and fringe benefits include mortgage subsidy plus non-contributory pension.

Applications in writing to
B K Morris,
Reliance Mutual Insurance Society Limited,
Reliance House, Tunbridge Wells,
Kent TN4 8BL

Reliance Mutual
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CORPORATE FINANCE

A *newly-qualified Chartered Accountant* is *required* by our client, a leading member of the Accepting Houses Committee as a result of increasing corporate finance business.

A good university degree is essential and in general this most prestigious area of merchant banking attracts individuals of the highest calibre.

Starting salary is negotiable up to £10,000, with fringe benefits including mortgage facilities, non-contributory pension, etc.

Please telephone Peter Latham

Jonathan Wren & Co. Ltd., Banking Appointments,
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Financial Controller

High Growth Multinational

Southern England c. £20,000 + car

The company is the rapidly growing UK subsidiary of a progressive high technology Fortune 500 corporation. From a manufacturing and marketing base, it has a continuing and ambitious development programme, reflecting increased demand for its varied product range.

This position, arising through promotion to the USA, offers overall responsibility for all financial aspects of the UK company including treasury, taxation and accounting. There is a supporting staff of some 35 people, many of whom are professionally qualified. Accounting, which is through a very sophisticated and developing computerised system, provides information and analytical services to all levels of local management and to both Europe and the USA. The environment is distinctly multinational.

We are seeking a Chartered Accountant, 33 to 38, with controllership experience gained in an industrial multinational. An active desire to take an executive role in an exciting expansionist atmosphere will be essential. Determination and self confidence will fit well with the management team.

An excellent benefit package includes interest-free bridging facilities, profit sharing, stock purchase plan and non-contributory pension scheme.

Please reply in confidence giving concise career and personal details and quoting Ref. ER508/FT to P. J. Williamson, Executive Selection.

AYMS Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

A member of the AMSA Group in Europe and of Arthur Young International

Manager-Credit Administration.

Our client, a leading European banking group having a well-established branch in the City of London with assets exceeding £1 billion, wishes to establish a new position of Credit Administrator to oversee the credit function in anticipation of continued growth of its UK lending activities.

Responsibilities will include overseeing the analysis and presentation of credit proposals, the preparation of loan documentation, the taking-in and safe custody of collateral and the *careful monitoring of all loans on a continuing basis. Supported* by a small team, the successful candidate will design appropriate systems and procedures to improve the efficiency of the Department possibly including computerisation, and liaise closely with banking officers to ensure that credit standards are maintained at the highest level.

Our client is seeking a credit-orientated administrator with exceptional organisational ability and a capability to originate new and effective credit systems within the London branch.

Our client wishes to attract a candidate of the highest calibre and is accordingly offering an attractive compensation package including comprehensive fringe benefits.

Please reply in confidence with your Curriculum Vitae and current salary level to:—

St. James's Corporate Consulting,
Box FT/703, St. James's House,
4/7 Red Lion Court, Fleet Street, London EC4A 3EB.

Pension Fund Management

For a well-known British group with international interests, comprising some 20 companies with around 4,500 employees contributing to three separate funds. Investment of pension funds is handled by merchant bankers.

- RESPONSIBILITY at the group offices – to the west of London – is for the overall administration of the funds.

- SUCCESSFUL EXPERIENCE in pension fund administration is essential. A qualified accountant, chartered secretary or lawyer might enjoy an advantage. Preferred age – 40s.

- SALARY to £15,000 plus car.

Write in complete confidence
to J.B. Tonkinson as adviser to the group.

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and
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seek ***Accountants*** *in London and Manchester at £12,500-£17,500+car*

We are an expanding consultancy practice whose clients, both in the U.K. and overseas, include small businesses, multi-national corporations, governments and other public sector organisations.

The work will include analysing clients' problems, advising them on strategic planning and organisational matters and helping them to improve their operating, management information and control systems.

In addition to U.K. work, our consultants have opportunities to participate in projects overseas, for which generous supplements are paid. Applicants should have a degree, an accountancy qualification and at least four years' business experience.

Please send a comprehensive career résumé, including salary history, quoting ref: 2031, to G. J. Perkins.

Touche Ross & Co., Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Chief Accountant

Herts c.£15,000 + car

A small dynamic company in the high technology area wishes to prepare for the next phase of growth by recruiting its first Chief Accountant.

Reporting to the Managing Director, the new man or woman is to take responsibility for the entire financial function. This includes the provision of prompt management information, the introduction of budgeting and costing systems. An early *challenge will be to computerise the present* accounting system and prepare for expansion using microprocessors.

Candidates should be qualified and suitably experienced in all aspects of financial management. Age is over 28. A key requirement is to fit in with a strong management team and provide wise advice in a calm way when under stress.

The remuneration package is to be based on a salary of £15,000. A car is provided. Prospects depend upon profitable future growth and the success of the new financial system.

Written applications quoting client reference 5001 should be sent to R.N. Orr. Application forms can be obtained by ringing 01-439 6803.

All applications will be treated in confidence.

Roland Orr
Management Consultants
35 Piccadilly, London W1V 9PB

Qualified Accountants

Young CA's and ICMA's to join the large, fast-expanding Sasol group of companies in South Africa.

Like all heavily-industrialised Western countries, South Africa is concerned about future energy resources. Unlike most of those countries, though, South Africa possesses a growing economy, stable industrial relations, ample raw materials and the world's only commercially-viable synfuels process: Sasol.

It's unique and years ahead of its time.

To meet the requirements of our colossal expansion programme we now seek young, qualified CA's and ICMA's for our decentralised financial departments. These departments provide full financial and management accounting services to line managers and their respective boards.

In addition to excellent promotion prospects throughout the group, Sasol offers highly competitive salaries augmented by the following outstanding benefits: ● air passages to the Republic ● excellent financial assistance with cost of relocation and resettlement ● modern, subsidised company housing ● excellent house purchase scheme for married personnel ● good paid annual leave plus bonus ● comprehensive sports and recreational facilities (swimming, golf, squash, football, cricket, tennis, etc.) ● pension, medical and free life assurance schemes.

And South Africa is the ideal country in which to enjoy this package with its high standard of living at reasonable cost and low personal taxation. Accommodation is located in modern, well-planned towns providing all necessary amenities, including good schools and prospects for children.

For an application form, please ring Mrs. Anne Erdem on 01-409 2188 or send brief personal and career details to her (including phone number) at Bull Holmes Bartlett Ltd., 45 Albemarle Street, London W1X 3FE, **quoting reference SASOL/ACC clearly on your envelope.** All interviews will be conducted in the UK.

Sasol

Applying tomorrow's technology to the energy needs of today.

Unit General Manager

Manchester

The General Manager is responsible for the administration of the Northern Unit of The Stock Exchange (based in Manchester) and reports to the Chairman of the Unit Committee and the Deputy Chief Executive in London.

In addition to Manchester the Unit operates through offices situated at Leeds, Liverpool and Newcastle-upon-Tyne and provides services to Member Firms including advice on the interpretation of the rules and regulations of The Stock Exchange; it also has a significant role in developing relations with organisations and other bodies within the Northern Region. The General Manager is supported by a staff of 34.

The successful candidate (male or female) is unlikely to be under 30 and will have senior administrative/general management experience and have gained some appreciation of Stock Exchange procedure and practice.

An element of personal drive together with the ability to manage detail and to respond positively to the daily needs of the Unit are essential.

The starting salary will be of interest to those currently earning £8,500. Other major benefits include non-contributory pension, 5 weeks' holiday, travel assistance and private health insurance.

Write or telephone for an application form to: Bill Nixon, The Stock Exchange, 4 Norfolk Street, Manchester M2 1DS. Tel: 061 833 0931.

The Stock Exchange

Deputy Chief Accountant

N.London to £14,000 + car

This is a new appointment which reflects the confidence and ambition of a well-known multiple retailer, a public company which is already a market leader and which is continuing its growth and innovation. As these developments increasingly involve the Chief Accountant in special projects *the Deputy will assume responsibility for the full, EDP-based, accounting* function. This is well-organised but needs imaginative leadership to ensure that reporting standards continue to meet management's needs in a dynamic market. Applicants (male or female) must be qualified and, ideally, aged early 30's. They must show evidence of achievement in a fast-moving environment and the ability to ally high technical competence to sound business acumen.

Ref: 1545/FT. Apply to R.A. Phillips, ACIS, FCII,
2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156.

Phillips & Carpenter
Selection Consultants

Group Financial Controller

The Nickerson Seed Company Limited

We are Britain's leading agricultural seed marketing organisation, providing commercial and technical services to a world-wide seeds industry.

We are looking for a Graduate Chartered Accountant for an appointment at our Head Office at Rothwell in the Lincolnshire Wolds.

Reporting directly to the Group Financial Director, the job is mainly concerned with co-ordinating the accounting activities of the Group and preparing and presenting the Group financial management information relating to the operating units.

The person appointed will have had not less than five years experience as a qualified accountant – some of which should have been in a commercial environment.

An attractive salary will be offered, a company car provided and other benefits are those that would be expected of a major company.

Write or telephone for an Application Form to:-

Group Personnel Department,
The Nickerson Seed Company Limited,
Joseph Nickerson Research Centre,
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Telephone: Swallow 471.

The Nickerson Seed Company Ltd

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For a full job description write in confidence to W. T. Agar at 78 Wigmore Street, London W1H 9DQ showing clearly how you meet our client's requirements, quoting 2146/FT. Both men and women may apply.

John Courtis and Partners

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Consolidated Gold Fields Limited, parent company of the Gold Fields Group of mining, finance, industrial and commercial companies, is enlarging the team of metal and mineral analysts in the Corporate Development Department at its Head Office.

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Applications are invited from graduates in their mid-twenties who have had 2-3 years' post-graduate experience in metal/mineral research or similar work. An analytical mind, numeracy and a broad understanding of scientific concepts are essential qualities for this appointment. A foreign language would be an advantage and overseas travel may be involved.

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Write for an application form or send brief CV to the address below, quoting ref: AA38/7781/FT on both letter and envelope, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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London EC3A 8BJ.

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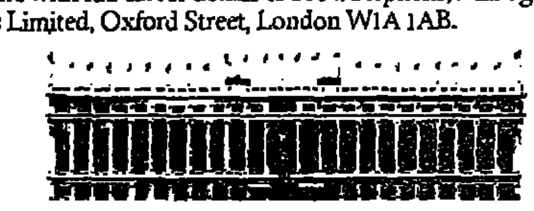
You should be of degree calibre with at least 10 years' relevant experience, including 5 years' business systems or similar experience. Personal authority and acceptability, coupled with incisive commercial thinking, are the essential qualities.

Please write with full career details to R. N. Stephens, Managing Director, Selfridges Limited, Oxford Street, London W1A 1AB.



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on 01-628 9763

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23 Wormwood Street, London EC2

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Granada TV Rental is the largest independent TV rental company in the country and a leader in the latest TV and video technology.

We are now seeking to expand our Financial Planning team by recruiting someone who will be able to provide a high level of financial expertise enabling him/her to play a practical role in company planning and development. This will include reviewing results and options, analysing financial data on past performance and evaluating future business opportunities and trends.

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GRANADA TV RENTAL

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Tel: 01-629 2216

FINANCIAL ANALYST

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Fluent English is essential and a knowledge of other languages would be an advantage.

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BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE WARMTH of the smile with which an air stewardess greets passengers on board an aircraft is about the only thing in which the European airlines are allowed to compete.

The International Air Transport Association (Iata) not only determines air fares but also luggage allowances, meals and leg room allowed to passengers. The decisions reached at Iata *meetings are backed up by the* authority of governments. European passenger air transport is a cartelised and regulated industry.

Considerable uncertainty seems to exist, however, about where the cartel ends and regulation begins. The European Commission addressed to member governments a letter seeking information about this very question. Mr John Biffen, the Secretary of State for Trade, is expected to tell the Press today what the British reply to this inquiry is.

The EEC Commission has so far not been very successful in its efforts to bring air transport under the influence of the competition rules of the Treaty. It proposed a regulation for the authorisation of inter-regional air services which contains certain criteria for the approval of fares but is primarily designed to introduce more flexible rules for the entry of new carriers on the market.

The British experience with independent airlines, such as Laker, Sterling and British Caledonian, operating outside of Iata, *provides a dramatic* example of how air fares can be reduced. However, while consumers, independent airlines, airports and regional authorities *seem to favour* a deregulation of the industry, most member governments, the major airlines and railways are opposed to a change in the present rules on access to the *market. The commission's* proposal is now before the council which has so far stonewalled all attempts to weaken the air transport cartel.

The commission is *also* working on another regulation which would give it powers to investigate the air transport industry, to grant exemptions for some restrictive practices and impose fines for others. The procedure should be much softer than that under Regulation 17/62 applying to other industries. There would be no need to notify in advance restrictive agreements but these could be attacked by the commission, either in response to a complaint or on its own initiative.

So far most of the member governments have been prepared to consider the adoption of such a regulation in the council only if it also granted wide-ranging exemptions for scheduled services in respect of fare fixing and capacity sharing.

The commission has until recently taken the view that most of the routing and tariff agreements are the result of inter-governmental negotiations with which the air companies have to comply and that for this reason the competition rules cannot be applied to airlines directly. It accepted that the conduct of a member states may create a situation incompatible with the Treaty rules but it was not exactly enthusiastic about the prospect of challenging the member governments.

One of those who have been prodding the commission to conclude its studies and to start acting against the air transport cartel is Lord Bethell, who is chairman of the Freedom of the Skies campaign, formed to secure to European travellers the same competitive air fares which exist on North Atlantic and U.S routes. Lord Bethell raised these questions *repeatedly from the floor* of the European Parliament, of which he is a member, and also addressed to the commission a number of complaints, both on behalf of his constituents and on *his* own as a frequent air traveller suffering from the results of the commission's inaction.

The letter which the commission addressed to the British Government on August 7, 1981, and with which Mr John Biffen will deal today, as well as another letter addressed to the air companies and enquiring about the Iata common rules and pooling arrangements, were prompted by the latest complaint made by Lord Bethell on May 13, 1981.

The commission also wrote to Lord Bethell on July 17 informing him about the two lines of inquiry which it had opened and of the two Council regulations which it was seeking. However, this did not satisfy Lord Bethell. He applied, on September 17, to the European Court for a declaration that the commission failed to act on his complaint against the concertation of air tariffs. Alternatively, he asked the court to annul the commission's communication of July 17, at least insofar as it declares *that competition rules* are not applicable to the fixing of air fares.

It is improbable that the European Court will accept this hot potato. It may question Lord Bethell's standing as a plaintiff or conclude that the commission has done enough on formal grounds. However, the issues raised by Lord Bethell's complaint are not likely to die so easily.

Without going into the legal technicalities, one can say that the commission has some means *of proceeding against* a cartel of air companies and other means for attacking regulatory actions of governments, but seems to be paralysed by indecision about the nature of the arrangements governing the air transport industry. It is asking the questions suggested by the Treaty but these questions may be obsolete.

The *difference between* the commercial action of state-controlled enterprises and government regulation is often imperceptible. While the commission's study papers underline the role of governments, a House of Lords Select Committee stated bluntly that European governments "generally endorse without question the tariffs agreed by their carriers through Iata."

Iata is under attack also in the U.S. where deregulation of air transport brought about a substantial reduction in fares. The proceedings, started before the U.S. Civil Aeronautics Board in 1978, are designed to remove Iata's antitrust immunity. Over 40 foreign governments and over 60 foreign airlines have filed *evidence supporting the retention* of antitrust immunity.

The arguments range from the need to maintain an economical level of fares by subsidised international operations to the need for an international network enabling passengers to book the services of several carriers by means of a single ticket. One would expect that *the supplementary subsidy by a* cartel would not please believers in a free market economy. Also, a linkage between company networks seems to be possible without price fixing.

These objections seem to be much weaker than the main *arguments* advanced in favour of cheaper air fares: they could fill the empty aircraft and could help to integrate, not only the Common Market but also the community of people inhabiting it.

RACING

BY DOMINIC WIGAN

Charlie's Song sounds a winner

LESTER PIGGOTT, who has partnered nearly twice as many winners as any other jockey at his favourite course, York, since 1975, rides for different stables in all the races open to him there today.

He seems sure to creep a little closer to the now almost impossible 200-mark for the season, but will not do so. I hope, through the outcome of the Atherton Moor Stakes. In that six-furlong event for three- and four-year olds which had not won a race before September 2, his mount, Persian Pact, seems unlikely to hold Jack Holt's Charlie's Song.

Following a luckless run at Kempton, where she was given too much to do by Philip Waldron, Charlie's Song came good in the hands of the same jockey in Lingfield's Partridge Stakes with a two-lengths success over Colonial Line.

Simply Great continues to attract both 2,000 Guineas and Derby interest. The Mill Reef colt is down to 7 to 1 with Mecca and the Tote for the Guineas and is offered at only a point more by other multiples. Simply Great, a 25 to 1 chance for the 2,000 Guineas and Derby double with Mecca and Corals, is 33 to 1 *for the same feat with the Tote*, suggesting that the Warren Place colt will be available at 100 to 30 for the Derby should he achieve the first leg of a double rarely completed since the war.

Despite the obvious Classic claims of Final Straw's brother, Achieved, another Ballydoyle inmate, Raconteur is clearly the one Ladbrokes expect to hear most of by the end of April. The colt, a chestnut by The Minstrel out of the Stage Door Johnny mare, Bubbling, has been working in tremendous style lately; but in view of the recent 2,000 *Guineas record of his stable*—among them Try My Best, Storm Bird and Monteverdi—backers will do well to bide their time. Both Raconteur and Achieved are offered at 16 to 1 by Ladbrokes, whose quote of 20 to 1 against Woodstream for the 1,000 Guineas looks far more reasonable than the 10 to 1 offered by Hills.

YORK

2.00—Glad Tidings**
2.30—Charlie's Song***
3.30—Blakenor*

TELEVISION

Chris Dunkley: Tonight's Choice

It may be quicker to count those who are not watching ITV at 7.30 tonight than those who are: Jaws gets its first showing on the small screen. Since it opens with a naked lady being eaten alive by a great white shark there will doubtless be outraged protests from hordes of parents who cannot control their children's viewing habits. If BBC2's simultaneous screening of Beauty And The Beast featured Jean Cocteau's 1946 version, one of the ten best films ever made, I would recommend it, but unfortunately this is a rather peculiar 1976 production with George C. Scott as the beast.

Best advice might be for a very long bath accompanied by the radio: there's a new production of Pericles on Radio 3 starting at 7.00 with Tim Piggott-Smith in the title role, Michael Aldridge (a wonderful radio voice) as Simonides and Angharad Rees as Marina. That ends just in time to switch to Radio 4 for Kaleidescope and a review of the RSC's opening of "Nicholas Nickleby" on Broadway.

Later BBC2 continues its recent habit with a 10-minute trainer for a big forthcoming production: A Preview Of The Borgias, and at 10.45 ITV runs one of the better American imports, Lou Grant, with good ensemble acting, interesting "social concern" plots, and a credible newspaper office.

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London); London and South-East only: Financial Report, News Headlines. 1.00 Pebble Mill at One. 1.45 Pigeon Street. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Golf: The Suntory World Match Play Championship from Wentworth. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 Newsround. 5.05 Blue Peter. 5.35 Willo the Wisp.

5.40 News.
6.00 Nationwide (London and South-East only).
...6.25 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Blankety Blank.
8.30 The Day of the Triffids.
9.00 News.
9.25 Fanny By Gaslight.
10.20 Horse of the Year Show.
11.28 News Headlines.
11.30 Golf highlights.

BBC 1 VARIATIONS Cymru/Wales—10.10-10.30 am I Ysgolion: Hwnt Ac Yma. 12.57-1.00 pm News of Wales. 2.15-2.35 I Ysgolion: Flenestri. 6.00-6.25 Wales Today. 6.55-7.20 Heddiw. 12.05 am News and Weather for Wales.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.25-1.00 pm and 3.50 Golf.
5.15 Open University.
6.55 Schools Prom.
7.25 News Summary.
7.30 "Beauty And The Beast," starring George C. Scott.
9.00 Roger Doesn't Live Here Anymore.
9.30 Forty Minutes . . . of documentary.
10.10 A Preview of "The Borgias."
10.20 World's End.
10.50 Newsnight.
11.35 Futurama Rock '80.

LONDON

9.30 am Schools Programmes. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Taff Acre. 2.00 Here Today. 2.25 China: Women. 3.45 Superstar Profile: Roger Moore talks to cinema journalist Catherine Laporte Coolen. 4.15 The Walt Disney Classic. 4.20 Palmerstown. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 WKRP in Cincinnati.
7.00 Sounds Like London: Beny Green and The Harry Stoneham Group in the musical quiz for Londoners.
7.30 "Jaws," starring Roy Scheider, Robert Shaw and Richard Dreyfuss.
9.45 TV Eye.
10.15 News.
10.45 Lou Grant: "Rape" (the horror of a so-called "everyday" crime is brought home in a shocking way when one of the Trib's own reporters is raped).
11.45 Wheels with Tony Bastable, Chris Goffey and Pam Rhodes.
12.15 am What the Papers Say.
12.30 Close: Sit Up and Listen

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 3.45 The Electric Theatre Show. 4.15 Dick Tracy. 4.20 Little House on the Prairie. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 10.45 Folio. 11.15 Me and My Camera (*Photography as a hobby*) 11.45 Anglia Late News. 11.50 Love American Style. 12.20 am And Then Again.

ATV

1.20 pm ATV News. 3.45 Killing Time. 4.00 The ATV Thursday Picture Show. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm 10.45 Here and Now. 11.15 Me and My Camera. 11.45 ATV News. 11.50 Police Surgeon.

BORDER

1.20 pm Border News. 3.45 The Entertainers. 4.15 Cartoon Time. 4.20 Vicky the Viking. 4.50 Project UFO. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.45 Wheels. 11.15 Me and My Camera. 11.45 Border News Summary.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 3.45 Survival. 4.15 Cartoon. 4.20 The Further Adventures of Oliver Twist. 4.50 Sport Billy. 6.00 North Tonight. 6.30 Police News. 6.35 Crossroads. 7.00 The Electric Theatre Show. 10.45 Soap. 11.15 Me and My Camera. 11.45 SWAT. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.45 Father Dear Father. 4.15 Cartoon. 4.20 The Further Adventures of Oliver Twist. 4.50 Little House on the Prairie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.45 The Jim Davidson Show. 11.15 Me and My Camera. 11.45 What the Papers Say. 12.05 am The Jazz Series with the George Coleman Quartet.

HTV

1.20 pm HTV News. 3.45 Survival. 4.15 Porky Pig. 4.20 Project UFO. 5.10 Jobline. 5.20 Crossroads. 6.00 Report West. 6.30 Give Us a Clue. 7.00 Emmerdale Farm. 10.43 HTV News. 10.45 Murder Unsolved. 11.15 Me and My Camera. 11.45 Preview.

HTV Cymru/Wales—As HTV West except: 11.22-11.37 am Am Gymru. 12.00-12.10 pm Cel Cocos. 1.30-2.00 Laverne and Shirley. 4.20 The Adventures of Black Beauty. 4.45 Sêr. 5.15-5.20 Bugs Bunny. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.45 Rich World, Poor World. 11.45-12.15 am Me and My Camera.

SCOTTISH

1.20 pm News, Road, Weather. 3.45 Wild, Wild World of Animals. 4.15 Watch It! 4.20 The Further Adventures of Oliver Twist. 4.50 The Clifton House Mystery. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Give Us a Clue. 7.00 Take the High Road. 10.45 Soap. 11.15 Danger UXB. 12.15 am Late Call.

SOUTHERN

1.20 pm Southern News. 3.45 The Amazing Years of Cinema. 4.15 Popeye Cartoon. *4.20 The Further Adventures* of Oliver Twist. 4.50 The Flying Kiwi. 5.20 Crossroads. 6.00 Day By Day. 6.30 Give Us a Clue. 7.00 Emmerdale Farm. 10.45 Bless Me, Father. 11.15 Me and My Camera. 11.45 Quincy.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. 3.45 Leave It To Charlie. 4.15 Cartoon Time. 4.20 The Further Adventures of Oliver Twist. 4.50 Palmerstown U.S.A. 6.00 North-East News. 6.02 Crossroads. 6.30 Northern Life. 7.00 Emmerdale Farm. 10.45 North-East News. 10.47 Barney Miller. 11.15 Come In. 11.45 Gelsenkirchen and the Gospel.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.15 Prehistoric Eohippus. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Walking Westward. 10.47 Westward Late News. 10.50 Westward Report. 11.15 Me and My Camera. 11.45 Unforgettable. 12.15 am Faith For Life. 12.20 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Make Mine Music. 4.15 Cartoon Time. 4.20 The Further Adventures of Oliver Twist. 4.50 Palmerstown. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.45 Darts. 11.15 Me and My Camera. 11.45 A New Kind of Family.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles 7.00 *Paul Gambaccini with an appreciation* of The Beach Boys. 8.00 David "Kid" Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 David Symonds with Much More Music (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 Punch Line. 10.30 Star Sound Extra. 11.05 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 2's Company (S).

RADIO 3

6.55 am Weather 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Saint-Saens (S). 10.00 Amphion String Quartet (S). 10.55 Music For Guitar (S). 11.20 Berlin Philharmonic *Orchestra (S). 1.00 pm News.* 1.05 Bristol Lunchtime Concert (S). 2.00 Elgar (S). 3.20 Mozart and Roussel (S). 4.05 Schumann's Feminine Character-Studies (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 "Pericles, Prince of Tyre," by William Shakespeare (S). 9.30 A Century of Choral Music, part 1: Brahms and Kodaly (S). 10.10 Words. 10.15 Concert, part 2: Schumann and Bartok (S). 11.00 News. 11.05-11.15 Sibelius (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. *8.45* Wodehouse: "Bring On The Girls." 9.00 News. 9.05 Ray Gosling—in the House of. . . . 9.30 The Living World. 10.00 News. 10.02 A Chapter of Adventures. 10.30 Daily Service. 10.45 *Morning Story.* 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. *12.55 Weather; programme news.* 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Home Base. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Hallé Orchestra, part 1: Beethoven; Berlioz (S). 8.10 I Know It's Here Somewhere . . . 8.25 Hallé Orchestra, part 2: Brahms (S). 9.25 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 25 Years Ago. 12.00 News.

THE ARTS

Record Review

The songs of Hugo Wolf

by MAX LOPPERT

The Hugo Wolf Society — Recordings 1931-38. *Elena* Gerhardt, Herbert Janssen, Alexander Kipnis, Gerhard Hüsch, *Elisabeth Rethberg* and others. HMV RLS 759 (7 records in box)

Berlioz Les Nuits d'été. **Ravel** Shéhérazade. Jessye Norman/ LSO/Colin Davis. Philips 9500 783; *also cassette*

Ravel Shéhérazade, Chanson madécasses, etc. Frederica von *Stade/Boston Symphony/Seiji* Ozawa. CBS Masterworks 36665; also cassette

Liszt, Bartok Songs. *Sylvia Sass,* Andras Schiff. Decca SXL 6964

Between 1931 and 1938, the society formed with the express purpose of disseminating through the gramophone fine performances of Hugo Wolf *Lieder* issued six separate volumes of 78s; after many years of unavailability (except perhaps as individual items on records devoted to one or other *of the participant singers*), these have at last been reprinted on LP. Collected into a handsome box, the accompanying booklet rich in essays and introductory material, the Wolf Society publications stand as one of the towering achievements of the medium.

The set, beyond its provision of endless *hours of pleasure*, instruction, and illumination on many levels, forges as indissoluble link between the names of its leading lights and that of the composer, whose art of "intensifying the expressive vocabulary of the *Lied* to a *pitch never since surpassed*" (Eric Sams' phrase, in his New Grove Wolf entry) the 78s were *intended to demonstrate* to a musical public until then sadly and persistently grudging about Wolf's *piercing greatness* as a composer of songs.

Walter Legge's and Ernest Newman's were the powerful initiatory enthusiasms, Legge in his first project as recording producer; Fred Gaisberg of the Gramophone Company took the risk (at the time reckoned to *be considerable) on a* first volume performed entirely by Elena Gerhardt, contemporary leading exponent of German song; Herbert Janssen, Gerhard Hüsch, Alexander Kipnis, Elisabeth Rethberg, and Karl Erb were among the others drawn in successive stages into the undertaking, in most cases *to their lasting credit and* Wolf's greater lustre—even at that early stage, Legge's instinct for matching singer to song, vocal timbre to performing style, interpretative personality to musical character, was already finely honed. (He used the tenors Roswaenge and McCormack for only two songs *each—and used them with revelatory* perspicacity, as Roswaenge's hair-raising *Heldentenor* carousal through "Der Feuerreiter," a famous record, particularly shows.)

In a short review of this kind, appreciation of 14 LP sides packed tight with marvels goes of necessity understated. A couple of general points may perhaps be proposed. It will be made sharply evident, to the *Lieder* devotee who comes fresh to these performances, that between the 1930s and our day the admired performing style for Wolf underwent a transformation. The development was neither universally celebrated *nor even widely recognised*; but if, say, we compare records of the same Wolf songs by Herbert Janssen, whose manly, warmly beautiful baritone is one of the Wolf Society glories, and by Dietrich Fischer-Dieskau, acknowledged leading Wolf baritone of the postwar decades, stylistic divergencies *immediately present themselves* —distinctions perhaps more easily felt than described.

*Janssen allows his interpreta*tive points to emerge, as it were, of their own accord, the conjunction of tone and line disclosing, not emphasising, the singer's inherent artistry. Fischer-Dieskau's vocal methods, by contrast, regularly show a much more interventionist manner of responding to the *musico-poetic inspiration.* Both singers and both kinds of style have their fervent admirers; one of the by-products of repeated listenings to these records was for me a renewed awareness of how much has been lost to our era in terms of idiomatic effortlessness—in *Lieder* singing, generally, but in Wolf, particularly.

Listen to Kipnis (even when his wonderfully ripe and sonorous bass is assigned so *obviously "female" a song as* "Wie glänzt der helle Mond"); listen to Hüsch's dapper, lighter *baritone, to the robust and* sometimes grandly passionate soprano of Marta Fuchs, even *to Karl Erb's prickly, pointy* tenor (admittedly, an acquired taste). The message is the same, or very similar.

Of course, there are also passing disappointments. Most of the piano playing is, simply and obviously, less adept than we now expect—the young Gerald Moore, involved in later *stages of the project, opens a* prospect of new possibilities. The sopranos Ria Ginster and Alexandra Trianti, *even (for my* own taste) in some *Italian Song Book* numbers the pure-toned Rethberg, strike one as "tasteful" when something more humorously or dramatically incisive is required. And the special greatness of Elena Gerhardt—connecting, in her determination to render every *component part of a song* meaningful and telling, with the later Fischer-Dieskau-Schwarzkopf style—will only be acknowledged by those who have made a conscious effort to live with her yowls, bumps, and intonational insecurities. Record 7, a collection of a projected seventh volume never in fact to reach the public (some of which is therefore new on records), introduces Ludwig Weber, lively but rough, and Tiana Lemnitz, poised and ladylike—but then closes with Janssen and the two late Byron songs, the feeling of miscellany contradicted, a superb finish supplied to a magnificent enterprice.

Assorted samples of idiomatic effortfulness from our own day come rather too readily to hand in recent records. Jessye Norman's Berlioz (all six songs transposed down, oddly so for a soprano) is most beautifully voiced, but too carefully interpreted—the feeling of wholly *and highly serious application,* admirable in itself, is overbalanced by one's growing *awareness of a self-consciously* deliberate attitude to detail, and by an excessive, and ultimately debilitating, fondness for slow tempos. The familiar coupling of Ravel's *Shéhérazade* proves far more self-conscious, and the slow speeds far more debilitating: "L'Indifferent," encouraged and abetted by Colin Davis, is *an apparently endless serving of* stickly oriental sweetmeats (how lightly Regine Crespin and Ernest Ansermet glance across the layers of ambiguity in the song!).

The Von Stade-Ozawa collaboration exhibits a different, no less careful and conscintious, finally no less unidiomatic brand of Ravel singing. Miss von Stade has worked very hard at acquiring the style; it seems, at moments, *as though her readings of Shéhérazade* and the other songs on a notably under*filled record are a compilation* of research findings into the composer and his various inter*pretations on record,* rather than "real" performances. I wish so talented and so sympathetic a singer would learn to sing out more, coo less. The same must be wished—but how much more fervently!—of Sylvia Sass: in Liszt, she and pianist András Schiff appear to have determined on a kind of *dream-performance. floating* vocal and instrumental lines (often with great, but meaningless, beauty) in an interpretative vacuum, distorting and distending the impulse of the songs in fascinating but, as in "Die Loreley," wholly undermining ways. What a difference in the Bartok-Ady songs! The passion, *direction and trenchant clarity* of the young Hungarians here makes one wonder exactly how and why the "arty" approach was decided upon for Bartok's great Hungarian predecessor.

Patti Love and Frederick Treves in Caritas which opened at the Cottesloe Theatre last night

Commonwealth Institute, W.8.

Borderline

by ROSALIND CARNE

Rain washed away the threatened pickets at the Asian Festival on Tuesday. The confrontation of moderation and separatism was therefore confined to the stage in this new play by Hanif Kureishi. The National Union of Asian Students had called for a boy*cott of the week-long event* at this centre, in protest at the inclusion of European talents in the programme of plays, concerts and visual arts.

Some European talents did *indeed stand out, and the issue* is central to *Borderline* which takes its title from the faint line where integration becomes loss of identity. Anjad (David Beames, who is excellent), an immigrant Pakistani, represents all that is reactionary and hypocritical in the older generation of Asian residents. His daughter Amina (Rita Wolf) suffers the common growing pains of a girl torn apart by conflicting cul*tures. Complex political strains* here provide a more substantial base for Kureishi's verbal *sharpness than in* his earlier plays. Amina's opening scene with her boyfriend Haroon is a startlingly fresh piece of writing. Sexy talk sounds quite astounding from a dark skinned female with a pigtail in baggy trousers.

The play traces her gradual politicisation, through the Southall riots and her contact with a white journalist, Susan. *Towards the end of the play,* Susan is rejected, and with reason. There is nothing more creepy than the well-meaning *media voyeur. This is clear* enough on stage, though there is an unhappy sense of con*trivance in the torrent of con*fession she extorts from her willing interviewees.

Borderline suffers the pitfalls of much political drama-linear narrative, and a squad of *characters, each of whom* very obviously stand for a point of view. Of these by far the most *affecting is Ravi,* the illegal immigrant played by Nizwan Karanj. He endures a session with a prostitute and a night on Clapham Common. Interestingly, it is Anwar, the right-on leader of the Asian Youth Front who gets the pretty journalist in a water bed and a noseful of coke.

The play, a Joint Stock production, is directed by Max Stafford-Clark. Another major event of the Festival is David Edgar's *Our Own People* this evening.

Sir Richard Attenborough to be BFI chairman

Mr Paul Channon, Minister for the Arts, has appointed Sir Richard Attenborough to be a governor, and chairman-designate, of the British Film Institute.

Sir Richard will take up the chairmanship on January 1, 1982 on the retirement of the *present chairman, Sir Basil* Engholm. His appointment runs until the 1984 annual general meeting of the Institute.

John Cox to give up Glyndebourne post

Following his appointment as general administrator of Scottish Opera, announced earlier this summer, John Cox is to relinquish his post as Glyndebourne's director of production —a position *he has held since* 1971. He will return to Glyndebourne as a guest producer, with new productions in 1983 and 1984.

John Cox takes up his Scottish *Opera post full-time in mid-1982.*

Autumn in Warsaw

by DOMINIC GILL

During the summer months of *this year the Warsaw Autumn* Festival, like the Polish nation itself, performed an astonishing balancing act on one leg on a razor blade. In the current economic climate the problems of mounting yet another 10-day international festival of contemporary music seemed wholly insurmountable. And there was a moral dilemma too: at a time when even the basic consumer goods of everyday life, from toothpaste to cooking oil, and detergent to vodka, had become not merely in short supply but *virtually unobtainable, where* was the justification in pressing for money for that most impalpable of all activities—music-making?

Perhaps the Poles have a *lesson to teach* us (how many more years shall we remain almost the only nation in the *western world to offer not one* single serious international forum of new music?—Scotland's brave triennial Musica Nova in Glasgow is the sole exception). Deciding quickly, and correctly, that the moral equation was a false one, and with the wholehearted support of the cultural wing of the Solidarity union, the festival committee, sustained by the extraordinary and unflagging energy of its chairman *Jozef* Patkowski, went ahead with their plans. At risk, after all, *was no mere flash in the pan,* no mere empty self-congratulatory gesture, but the 25th-*anniversary programme* of one of Europe's most important and innovative festivals. Against all the odds in the book, the hectic daily round of concerts began, and without notable disturbance continued and ended, triumphant. There were many tours de force to be seen and heard during those 10 days —but *none so remarkable* as the very existence of the festival itself.

There were setbacks and disappoinments: but they could *hardly be laid at the door of* the festival direction. It was not entirely unexpected, but *nonetheless a serious loss to the* programme, that the State Symphony Orchestra of Georgia decided at the last minute that it was unable to travel to Warsaw to play its concert of four premieres, two of them world premieres of major works by Alfred Shnitke and Alexander Lason.

By unfortunate coincidence, The Gruppe Neue Musik Hanns Eisler from Leipzig also tele*phoned on the day they were* due to arrive in Poland to announce that due to the earache of their principal oboist they were unable to undertake the long journey to Warsaw. And for reasons far less clear, but possibly not unconnected with a view of the Polish situation somewhat distorted by a dis*tance of 3,000 miles,* the American violinist Paul Zukovsky cancelled his own appearance to *perform the world premier* of Morton Feldman's violin concerto. The festival programme as a result, on paper most scrupulously balanced, had significant Soviet, East German and American gaps.

As it turned out, in the exhausting, exhilarating concert-chase of the festival round, those gaps hardly showed at all. The programme opened with a concert that was both celebra*tion and memorial: during 1981* the deaths had been announced of two distinguished Polish *composers, Tadeusz Baird and* Kazimierz Serocki, who had together been the prime movers of the first Warsaw Autumn in 1956. The Polish Radio National Symphony Orchestra from Katowice under their conductor Jacek Kasprzyk paid both composers solemn and heartfelt homage: Serocki's subtle and delicately honed *Poetry* for soprano solo and ensemble, and Baird's more coarsely coloured but *powerfully insistent Concerto lugubre* for viola and orchestra, each one an apt and characteristic memorial.

The same concert included the Polish premiere of Lutoslawski's *Novelette* (1979) for orchestra — sparkling confection, wonderfully rich in ideas, agile in execution, a wryly humorous divertissement. Later in the week we heard Lutoslawski's most recent work, a little *Grave* for cello and piano, just six minutes long, struck from the same genially expert mould as both *Novelette* and last year's new double Concerto for oboe and harp—freshpainted, gleaming studies all, without any trace of the *shadowy, multi-layered working* of the lovely (and perhaps to date still his most impressive composition of the last decade) *Les Espaces du sommeil* of 1975.

Novelette had its British and Polish premieres in the same week (as Martin Dreyer has already reported from Glasgow on this page). And by chance another new orchestral work, Xenakis's *Ais*, also received in Warsaw its second public performance within a *few days of its first broadcast in this country (a tape of last* February's Munich premiere) on Radio 3. It is an important *and exciting piece: yet another* of Xenakis's major orchestral compositions, like *Cendrées, Empreintes* and *Jonchaies,* which British audiences, again almost alone in Europe, have yet to hear in the concert hall.

The Warsaw audience wanted to encore it: and with reason, for in the usual festival context, such plain and vivid speaking comes like a thunderbolt out of the blue. *Ais* is a sound-canvas for amplified baritone and percussion soloists with a symphony orchestra that moves, for nealy 20 dizzying minutes, in huge sky-spirals, ever widening, until it drops finally to earth, exhausted, to *the roar of crowds and the* chatter of guns. Its force, like that of all Xenakis's best music, *is not remotely cerebral* but almost frighteningly physical: a beam of white laser light that *singes the air* as it passes by.

There were other orchestral works too which made strong, if less urgently demanding, impact during the week. In the same programme as the Xenakis, the Japanese composer Joji Yuasa's *Scenes from Basho* combined the starkness and economy of the Haiku with the *contrapuntal lushness of Strauss* —unlikely but delicately insinuating fusion. The Korean Sukhi Kang's *Dalha proposed a more* familiar hybrid of wistfully orientalised European melodies.

The American Donald Erb's cello concerto, beautifully played by Roman Jablonski, was refreshingly unhesitant in its use of simple, bold gesture, freely rhapsodic, vivacious, carefully made. The premiere *of Exodus* by the Polish composer Wojciech Kilar should by rights have had us heading for *the exits soon after it began*— for the piece was essentially a single melodic phrase worked out of its mind in the crudest possible fashion for more than 40 minutes.

'Radio Times,' Burges exhibitions

Forthcoming exhibitions at the Victoria and Albert Museum include *The Art of Radio Times* (October 21-February 21, 1982) and *The Strange Genius of William Burges: Art-Architect 1827-1881* (November 18-January *17, 1982*).

The first exhibition brings together the talents of over 100 of the artists commissioned by *Radio Times* since its first publication in 1923. Edward Ardizzone, Val Biro, Eric Fraser, Robin Jacques, Leonard Rosoman and Ralph Steadman among them. Coinciding with it will be the publication of *The Art of Radio Times — The first 60 years*, a history of illustration in the magazine since 1923.

Organised jointly by the V and A and the National Museum of Wales, the Burges exhibition *has been designed by Christo*pher Firmstone and celebrates the centenary of the death of the architect in 1881.

Festival Hall

Dresden Staatskapelle

One of the most venerable of European musical institutions, the orchestra originally founded for the Dresden court remains among the world's very finest. *It returned on Tuesday to* London, and to the Festival Hall, after an absurdly long *interval—not (I believe) since* the middle '50s has it been heard here. Perhaps this explained the decent rather than crammed audience attendance, and the absence (from the look and "*feel*" of it) of those people who throng to—and gladly pay double-figure seat prices for— the Karajans and the Bernsteins, the Berliners and the Viennese. Their loss, our gain: the triumph of corporate musicianship witnessed on this occasion was of a kind that will leave those of us present in the hall with long and glorious memories.

No Schütz on the programme (from the early end of the orchestra's history), no Strauss —otherwise the choice of pro*gramme was central, and* uniquely appropriate: the *Oberon* Overture (Weber's *arrival in Dresden marked a* crucial stage in the operatic development of both the city and the era), the Mozart E flat Symphony, K543, the *Eroica*. Central, appropriate, and magnificent: the music could hardly have been more rewardingly calculated to demonstrate, or to reciprocate, the special qualities of the playing. Notices of visiting orchestras usually open with comment on the tonal characteristics—or, indeed the tonal pecularities—of individual departments. Doing so here *must be in the full understand*ing that any such descriptions detract from the wholeness of *purpose, the unanimity of res*ponse, that proved the outstanding feature of the Dresden playing.

True, the woodwind lacks the homogeneously smooth blend of their London opposite numbers (the contributions of the first clarinet uncomfortably narrow, the *first oboe piquantly* unmellow); true, the horns contrive a distinctively robust and *also deep sonority:* true most of all, the soul of the orchestra seems to reside in its string section. It is a hallowed piety of London newspaper reviewers that German or Austrian orchestral strings are always "warm:" but here, as the lifting phrases of the Mozart opening Allegro or the major-key breaking through clouds of the Beethoven Funeral March made notably clear, was a quite un*familiar kind of German string* warmth—at once compact, airy, and dynamic, with nothing in its composition of contrived tonal gloss or glitter, drawn essentially from the sense of the notes themselves. The aura of music-making rising above every sign of personality cult was communicated by the whole orchestra: subordinate epithets are mere decorative detail.

If I have delayed mention of *the orchestra's conductor (and* musical director), the Swedish-American Herbert Blomstedt, it *is intended as a compliment of* the highest kind. For, apart from the Mozart Andante, where tempo felt a little slow (and therefore difficult to sustain) however beautifully it helped to layer the string tone, one hardly noticed his presence as a conductor at all. The performance of the *Eroica* struck *the ear as an act of natural* germination, growth, and culmination, hardly at all as a "performance:" it was both a sublime experience in itself, and, by implication, a reproach to almost all the *Eroicas* we hear at the Festival Hall. In fact, the most unfortunate aspect of this unforgettable concert is the evidence it unassumingly left of what we normally do without, and no doubt *shall have to continue doing* without, in the whole London orchestral-concert set-up.

MAX LOPPERT

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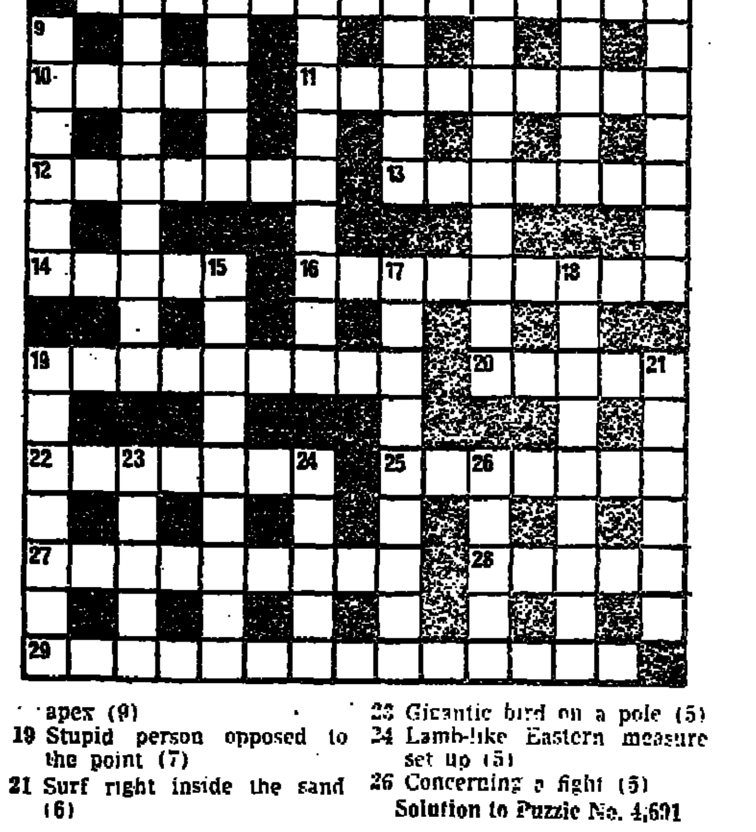
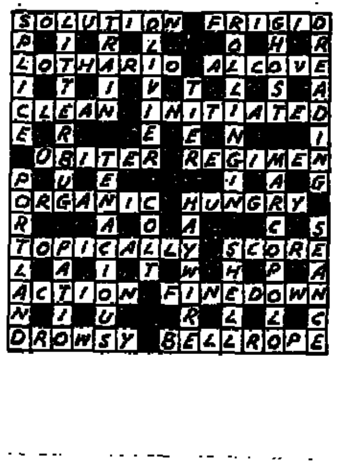


ACROSS

1 With great noise and violence using two implements suitable for 29 Across (6,3,5)
10 Two of old, mark this author (5)
11 One who examines a police officer (9)
12 Put into office in public welfare (7)
13 Union created, as in oil (7)
14 The mills of God do it slowly (5)
16 Consort with a colleague (9)
19 "Youth is full of —, age is full of care" (Shakespeare) (9)
20 Pulse in mixed broth (5)
22 Distinguished, but can't perform (7)
25 Vagrant the French oppress (7)
27 Hand over supplementary diet for a change (9)
28 Wherewith and wherein the landlord sees his measure (5)
29 The sound of a bell before fight that's keenly contested, as in 1 Across (4-4,6)

DOWN

2 Water a mother pig (5, 4)
3 Food for a soldier going to North Africa (5)
4 Be angry and produce a rod for beating we hear (5, 4)
5 Sodium salt from the beak? (5).
6 What the surgeon uses and peruses (3,6)
7 Wind and sun about to turn up (5)
8 Shakespeare's foreign way to beat about (7)
9 Harp not on that part of the harp (King Richard III) (6)
15 Instrument carrier is to throw snake on road (9)
17 Brew these in a stew? (5,4)
18 A season's yield, late coming up, in the direction of the apex (9)
19 Stupid person opposed to the point (7)
21 Surf right inside the sand (6)
23 Gigantic bird on a pole (5)
24 Lamb-like Eastern measure set up (5)
26 Concerning a fight (5)



Solution to Puzzle No. 4,691

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Reciprocity with Japan

BRITAIN'S ICL yesterday announced a wide-ranging co-operation agreement with Fujitsu, one of Japan's leading electronics groups. On the same day BL was launching a new car designed in Japan and containing a substantial proportion of Japanese components. Both arrangements will no doubt revive the "Trojan horse" argument, heard especially in France—that Japanese companies are using collaboration deals of this kind to attack the European market indirectly and thus to avoid the friction that would be caused by increasing direct exports of their own products under their own brand name.

It is certainly true that the recipients of Japanese technology will become more *competitive than they otherwise* would be. To that extent the position of other European manufacturers will be more difficult. But there is no reason to discourage this sort of competition. Western Europe has been benefited greatly over the last 30 years from the injection of American technology, management methods and products. Partnerships with the Japanese should be equally fruitful. Indeed, it is striking that even the most powerful American concerns, such as General Motors, have had no compunction about using Japan as the source for components or products in which Japanese companies have the edge in technology, quality or manufacturing cost.

Dominate

The fact is that in some, though by no means all, industries the Japanese are now technological leaders. If a Japanese company is ahead of the rest of the world in, say, blast furnace technology, it is entirely logical for a European or American company to turn to it for advice and assistance. If the Japanese lead in video recorders, it may make more sense for a European company to manufacture this product under a Japanese licence than to develop a rival machine of its own. As the head of Thomson-Brandt, the French electronics group, recently pointed out, co-operation with Japan in particular product lines can be seen as part of an aggressive strategy towards world markets, not a defensive one.

It is sometimes argued that unless the EEC adopts some form of preferential systems in favour of European manufacturers, especially in high-technology industries, American and Japanese suppliers will dominate the market even more than they do already, leaving European concerns as little more than sub-contractors. Yet European industry is unlikely to improve its competitiveness if its access to non-European technology, whether through direct investment or through collaboration, is restricted. What is badly needed in Europe, as we have argued before, is the removal of nationalistic barriers which prevent the emergence of the enlarged "home market" for EEC manufacturers which the **Treaty of Rome is meant to** ensure.

Co-operation

There is, however, one missing ingredient in most of the co-operative agreements which Japanese companies have made with the West: they do not provide for reciprocal access to the Japanese market of the products or components made by the European or American partner. The Japanese might argue that some of their partners have little or nothing to offer which is saleable in Japan. This can hardly be true in all cases. In any event the Japanese must recognise that in this as in other aspects of their trade with the rest of the world reciprocity is politically essential. An interesting model in this context is the deal recently concluded between Nissan and Volkswagen, whereby the Japanese company will build a German-designed car, containing German engines, gearboxes and other components, and sell it in Japan through its own dealer network. Given the well-known complexities of the Japanese distribution system, the second part of this arrangement is particularly important: the big Japanese exporters must be prepared to sell imported products through their domestic sales organisations.

Collaborative deals with Japan, on whatever terms, cannot be more than one element in a company's strategy. The fundamental need is for Western manufacturers to improve the quality of their products and the efficiency of their manufacturing methods: the radical changes now taking place in European and American car factories, *largely in response to Japanese* competition, illustrate what has to be done. Cross-frontier investment, exchanges of technology and other forms of inter-company co-operation can make a useful contribution to this process of modernisation and adjustment, but the flow must not be all in one direction.

China's overtures to Taiwan

CHINA'S EFFORTS to woo Taiwan back to the motherland are becoming increasingly energetic. Last week it issued an ardent appeal to nationalist sentiment in Taipei for reunification, prefaced by a nine-point agenda for proposed talks. At once, the Government in Taipei publicly rejected the offer. But, for all Taipei's apparent refusal to contemplate negotiations, this is unlikely to be the end of the matter. China is mooted to be coming up with new proposals tomorrow on the eve of the anniversary of the Chinese revolution.

The problem of Taiwan has intruded into international relations for decades. In 1949, defeated by the Communists, the Kuomintang forces fled to Taiwan, but they never surrendered their claim to be the rightful Government of China. Both sides see the problem as one of reunification, each on its own terms. Both governments have refused even to contemplate the existence of Taiwan as an independent state.

Realistic

Yet, in an ideal world, that would be the most realistic solution. Since 1949 Taiwan has been separated from the mainland, yet living under the fiction that it is the real China. In that time, the two territories have pursued totally different paths to development.

For all the new flexibility in China since Mao died, the political, cultural and economic systems are poles apart. Taiwan's annual per capita GNP has grown to about eight times that of the struggling giant across the 100-mile divide. The present Kuomintang leadership in Taiwan is most unlikely ever to take China back by force, and it quite understandably regards all invitations to power-sharing on the mainland as extremely implausible. The most logical step would be for both sides to recognise the great political and economic gulf which now separates them and admit Taiwan's existence as a separate country.

This solution has always been rejected with horror as much by Taiwan as Peking. Kuomintang officials in Taiwan fear local nationalism and they cling grimly to their Chineseness. But, as they die off and a new generation rises, the idea of independence will probably become more attractive.

Meanwhile China, consistent with its policy of reclaiming all territories intermittently under Imperial power in the past, such as Tibet, has always demanded that Taiwan return to the fold. Though peaceful reunification has become their motto, Chinese leaders have said that a declaration of an independent state of Taiwan would provoke them to try a military takeover.

Despite Taiwan's instant rejection of last week's proposal, the Government's more considered response may be to play for time. The Kuomintang government evidently has no interest in re-unification on Peking's terms, which it views with a deep mistrust, however flexible or fair they may appear to be. But a prolonged refusal to negotiate could provoke Peking to tougher action. This action could be diplomatic, rather than military, but still be unpleasant.

Improbable

While the old guard in Taiwan may view any form of contact with Peking as supping with the Devil, it could be politic for Taiwan to embark on talks, low-level and protracted, if need be. Apart from hints from the U.S., where the Reagan Administration gave some earlier encouragement to Taiwan's hopes of renewed official status, Taiwan will not find much international sympathy for complete aloofness.

So long as both sides persevere with their improbable aims they may both find benefit in official contact and exchange of views. Such contact would allow the trade which already exists between Taiwan and the mainland to develop openly — its existence is still officially denied in Taiwan. It would make it more plausible for the rest of the world to have official contact with Taiwan without giving the mainland cause for grave concern.

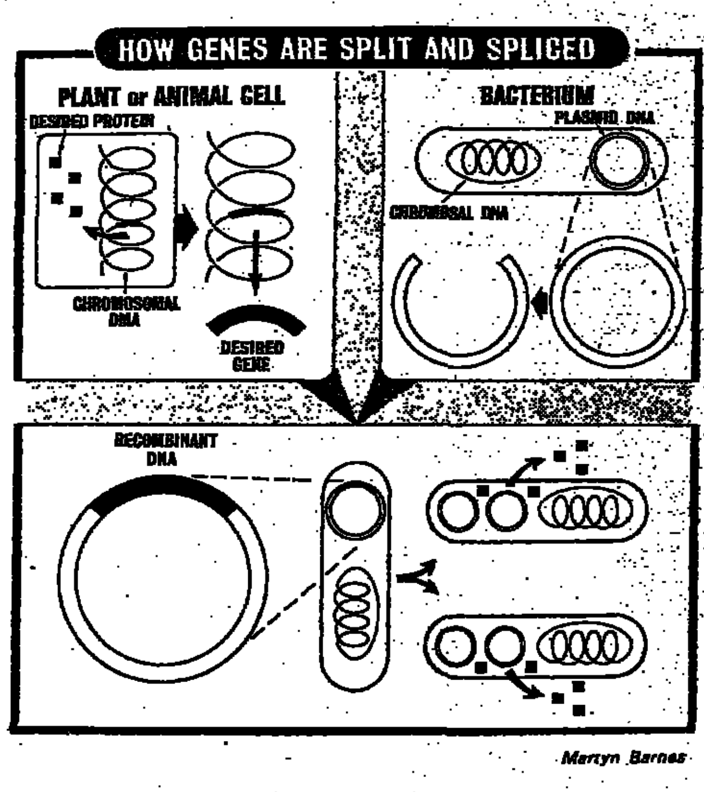
GENETIC ENGINEERING

Miracles may have to wait

By David Fishlock, Science Editor

BIO TECHNOLOGY

Bio-technology is in fashion today as one of tomorrow's technologies. But is its potential being over-stated by the entrepreneurs? With this article we introduce a series, starting tomorrow on the Technology Page, reporting on the targets and prospects of bio-technology, as seen by the pioneering companies big and small. Tomorrow: Celltech's corporate plan.



In bio-engineering the chromosome responsible for creating the desired protein is freed from the animal or plant cell and the desired gene is removed. It is then spliced into the genetic material of the bacterial plasmid. Replaced in the bacterial cell the gene continues to create the protein while *the bacterium multiples in vast quantities*

"GENETIC engineer . . . with a PhD . . . green fingers, versatility . . ." read the job advertisement from the BP Research Centre recently.

Genetic engineering is the opportunity scientists opened in the mid-1970s for short-cuts in man's long tradition of tinkering with genetics through selective breeding. It has helped give a new lease of life to bio-technology—"a stone-age technology," as ICI's research director, Dr Charles Reece, calls it.

Bio-technology is the factory farming of microbes, the simplest form of living organisms. It is not only companies as heavily committed to research at ICI, Royal Dutch Shell and British Petroleum which are eyeing it as a major commercial opportunity.

Over the past year its promise has attracted cash from British companies with interests as diverse as Grand Metropolitan, the Prudential, Midland Bank, London and *Commonwealth Shipping, Davy* Corporation, Allied Breweries and CJB. This is a pattern which can be found in many other countries.

For almost as long as man has cultivated the land, bio-technology has been used to provide him with bread, cheese, beer and wine. More recently bio-technology has been used industrially to make enzymes, antibiotics, contraceptives, food additives, plant growth promoters, fuels, animal feedstuffs and—tentatively—factory-made human foods.

Ranks Hovis McDougall (RHM) has won British Government approval to try to sell as food a protein it makes by fermenting the starch in plants, using a microbe it first found in *a field. It could prove to be a* plentiful source of top-quality, edible protein. But it won't be a cheap source—the process needs too much energy for that.

Genetic engineering has the potential for vastly extending the range of opportunities for bio-technology. No longer need it be limited to the harnessing of microbes fortuitously provided by nature. The scientist is equipping himself with techniques for modifying the genetic make-up of a microbe, perhaps to give it an appetite for a particular metal or a pollutant, or the ability to make a particular chemical or drug.

But genetic engineering also carries the risk of killing the goose that lays golden eggs, by distracting investors' attention from the promise and problems of bio-technology itself and focusing it on emotionally appealing targets such as a cure for cancer. Interferon is one of the most lavishly funded targets of genetic engineering at present. Pure forms of the drug will almost certainly find uses in chemotherapy. But interferon seems increasingly unlikely to prove that elusive cure.

The risk is inevitably increased by the enthusiasm with which entrepreneurs are now embarking upon commercial ventures to exploit the new techniques. Half-a-dozen have appeared in Britain in the past year, with such names as Celltech, CLEAR, Merseyside Laboratories and Alcon Biotechnology. North America may have spawned as many as 50 since the mid-1970s.

These new companies, often founded by scientific entrepreneurs to exploit discoveries right at the frontiers of research in the bio-sciences, are selling dreams. They are trying to create a microbe as precisely tailored to the task set by the client as a craftsman is to his trade. But what these *contract research companies* cannot guarantee is whether, in fact, they can artificially make a microbe which can survive and go to work, much less whether it will thrive and multiply into a useful workforce of countless millions of microbes.

Investors 'looking for results'

Warning signals have already been flashed by some of these new companies. The stock of Genentech—founded in 1976—which reached a high point of $89 when the company went public last autumn, is just over $30, near its starting point of $35 per share.

E. F. Hutton, the Wall Street investment house, announced ambitious plans only last March to raise $50m from financial institutions to back university research in genetic engineering. By August, it had abandoned this plan and returned some cash to investors. They "are now beginning to look for results," Dr Zsolt Harsanyi, vice-president of DNA Sciences, the vehicle set up by E. F. Hutton to manage the research finding programme, said recently. The venture is being re-organised on a less ambitious basis.

RHM, a company with a £1bn turnover, has sought the assistance of the National Enterprise Board to share the risks of further development of its new edible protein, to try to prevent the idea disappearing abroad. Foreign investors—in Japan and Mexico, for example—have shown much greater interest than British industry.

Big business has already been badly bitten by its enthusiasm for bugs. In the 1960s the major oil and chemical groups, following the lead of BP, plunged heavily into *factory-made protein, produced* by breeding bacteria in big continuous fermenters, using hydrocarbons as feedstock.

Their bugs were natural organisms, carefully selected to feed on some part of crude oil or natural gas under conditions of very intensive breeding. Their products were what is known as single-cell proteins, seen as alternatives to soya and fishmeal as the basis for animal feedstuffs. These are proteins derived from micro-organisms such as bacteria.

Between them they spent tens of millions of pounds; none more than BP, which was forced for political reasons to abandon a £30m joint venture with Anic in Sardinia. Only ICI is producing a commercial single-cell protein in Britain today. Other companies were discouraged by a combination of rising hydrocarbon prices and political opposition to the activities of multi-national companies.

BP got a foretaste of trouble to come when, early on, an African politician publicly warned the company that under no circumstances were his people going to be "guinea pigs" for BP experiments.

In 1979 an ICI scientist cautioned enthusiasts at the Royal Society in London that bio-technology has its detractors "who indulge in polemic reminiscent of the arrival of the steam railway, the iron ship and the motor car." These objectors raised "issues of practicability, morality, economics, safety and even international politics," he said.

The Comecon countries, however, have apparently been unmoved by this vehement western opposition to the exploitation of bugs. A scientist with the Ministry of Defence's Chemical Defence Establishment at Porton—which keeps a close watch on certain developments in biotechnology in the *Eastern bloc — has recently* reported that the USSR has established a large state programme to exploit single-cell protein. He discovered that, by 1979, it had built at least 86 plants and was manufacturing more than 1.1m tonnes of protein a year. But whereas the West has concentrated on using hydrocarbon feedstocks, the USSR is mostly fermenting agricultural and forest product wastes, and also peat, to make animal feedstuffs.

Shell is one of many big companies which abandoned efforts to make single-cell protein, when it saw the cost of hydrocarbon feedstocks soaring in the 1970s, while soya prices stabilised as new producers—Brazil especially—entered the market. *In 1977 Mr Harry Beckers,* Shell's research co-ordinator, redirected its bio-technology research towards new targets—problem areas in present activities and new business opportunities for Shell.

Two of its new discoveries are beginning to look exciting. Both evolved from natural microbes. One may help Shell's oil production operations to extract more oil from a well. The company will shortly mount an experiment in enhanced oil recovery with the help of its microbes.

The other Shell discovery is a microbe with a voracious appetite for metal. The researchers hope it might be encouraged to eat metal selectively out of a lean ore, or munch away at a metal deposit that is poisoning a petrochemical catalyst.

Judicious selection of targets must be the key to success in commercial bio-technology, believes Dr Charles Reece, ICI's director of research.

One big problem is that bio-technology is going against some very important new trends in the chemical industry. It is a "dilute" technology, requiring large and costly provision for drying the product, at a time when the trend is towards much higher concentrations and hence much more compact and cheaper plants. And it is an energy-intensive technology.

ICI's commitment to bio-sciences

ICI is spending about a third of its £200m annual research and development budget on the bio-sciences. But its boldest experiment in bio-technology has been to persevere with single-cell protein, to the point of operating a £40m-plus demonstration plant, designed to make up to *60,000 tonnes of single-cell pro*tein (trade-named Pruteen) a year. "Pruteen has taught us an awful lot," Dr Reece says. "Where it is taking us is still debatable."

But ICI has learned, for example, that the fermenter itself—physically the truly spectacular part of the Pruteen process—is a quite modest part of the capital cost, only 14 per cent, compared with 20 per cent for separating and drying.

Early on ICI scientists learned that the bug they were pinning their hopes on was simply not robust enough.

More recently, ICI scientists have created a microbe by genetic engineering which makes single-cell protein more efficiently than the one they are using in their big fermenter. It could be a major advance, for it seems to need much less methanol feedstock to make the same amount of protein. But in order to exploit it the engineers will have to start from scratch, as they did with the present fermenter, and design a new one precisely tailored to the idiosyncrasies of the energy-saving microbe.

Dr Reece counsels patience on the part of investors in bio-technology while the scientists work with the commercial side in selecting good targets. He believes these must be products of high added value, not bulk chemicals such as fuel alcohol, or even the new polymer made by a genetically engineered bug disclosed by ICI scientists earlier this year.

Last year the British Government, urged on by its scientific advisers, entered into a joint *venture called Celltech, brain*child of the NEB. The idea was to exploit, above all, British Government-funded research at the frontiers of the bio-sciences, such as that of the Medical Research Council in genetic engineering at Cambridge and Warwick universities.

First, Mr Gerald Fairtlough, former managing director of Shell Chemicals, UK, found four City investment houses willing to put up a total of £7m. Armed with this evidence of private enterprise, he persuaded the Government to top it up to the £12m he calculated was needed to launch Celltech into international genetic engineering business.

Celltech is still less than one year old. It has met plenty of *criticism; too little, too late* . . . where's the corporate plan? . . . won't attract the best people . . . anyway all the best British ideas are already being exploited abroad.

Nevertheless it has grown into a team of 50, more than a third of them PhDs. (For comparison, Genentech had a staff of just over 100 when it went public last autumn.)

"Stories that we won't get good people because they are all off to California are nonsense," says Mr Fairtlough, now its chief executive. "They are even coming back."

It is rubbish, he says, to talk of being too late when all round the world new genetic engineering companies are still being founded. Genetic engineering *has so vast a potential that a* year or two at this stage will prove of little long-term consequence.

This summer his shareholders approved Celltech's first corporate plan. They are also prepare to be patient: "The shareholders have told us that if we show we can run competitively with what we've got and that we have promising projects—even if they are long-term—money is not a limiting factor," Mr Fairtlough says confidently. "If we have good projects that need a faster rate of growth, the money will be there."

Men & Matters

Wilmot's sprint to the tape

"I guess Robb just wore them down," says one of ICL's senior managers of the partnership deal announced yesterday with Japan's largest computer company Fujitsu.

Robb Wilmot, the 100-hours-a-week workaholic who took over as ICL's managing director in May, candidly admits that forging this vital alliance in his recovery strategy was achieved "with difficulty."

He opened negotiations barely a month after moving from Texas Instruments to take on the well-paid but awesome task of putting Britain's ailing computer giant back on its feet.

Initial talks were held with a Fujitsu team visiting London. But Wilmot secured the deal in two later two-day bargaining sessions in Tokyo, during the second of which he had to put his case separately to 18 of Fujitsu's top executives.

Compared with the 10-11 months it took BL to negotiate the Acclaim project with Honda, Wilmot's four-months to reach agreement looks like a sprint even if it felt like a marathon.

Were there any doubts about ICL's still shaky financial legs? Wilmot evades that one. "I've got a lot of confidence that we are going to succeed in what we are trying to do," he says. "And this is the biggest endorsement of it so far."

Given by the Japanese, it seems, partly because of Wilmot's persuasion and personal guarantee that "if we succeed in pulling ICL round, I'll be with them for the next 20 years." But, in the end, perhaps clinched by a reassuring nod from ICL's bankers, the British Government?

Empty words

The Common Market's tripartite talking shop, the Economic and Social Committee, has long been famous for its minimal achievements. But it still managed to surprise a colleague with its latest publication, a ½ in-thick volume of, according to the cover, extracts from a June conference on the enlargement of the EEC. Inside, every page was blank.

Fourth coming

Pearson Longman's foray into television production via its Goldcrest offshoot is not without its more piquant aspects. High on the list is the fact that one of the more formidable negotiating hurdles the new company must face stands in the form of the joint managing director of the Channel Four company, Justin Dukes, until recently joint managing director of this particular Pearson Longman activity, the Financial Times.

The Dukes-Goldcrest meetings could be fascinating since the Fourth Channel, with around a year to go before its launch date, has yet to sign any deal with a televisual heavyweight.

As yet the smaller independent companies, which once worried about being squeezed out, have been the main beneficiaries of its commissioning. *No ITV major, and no large-scale film-maker, has yet signed on the Dukes line.*

With time beginning to run out it looks increasingly as if the Fourth Channel will enjoy its first weeks without any large budget contribution from either. The problem seems to be arguments over what is known in the trade as residuals. The Fourth Channel is keen to have all rights, including video cassette and foreign sales, on those programmes it buys. The big TV companies of this world only want to sell programmes on a one-showing basis.

What happens with Goldcrest is likely to be highly significant for other negotiations since the company is, in the words of Pearson Longman chief executive James G. Lee, "One of the first in this field in the UK and it will almost certainly be the biggest."

Penny black

There cannot be many uncashed Bank of England cheques these days—so the bit of paper Suffolk farmer Tom Black has unearthed may be worth more than the one penny for which it is made out or even the twopence his father paid for it.

The Old Lady sent the cheque in 1950 to pay Covent Garden merchant A. J. Edwards his change out of the £10,000 worth of tax reserve certificates he surrendered to settle a tax bill.

Edwards' failure to cash it brought a formal letter from the Bank's chief cashier six months later, inquiring why he had not claimed the coin.

"The sum of 1d is so small I do not consider it will make any material increase to my credit balance," Edwards replied. So he preferred to keep the cheque "as an object of curiosity and amusement."

Not only was it "proof of the meticulous care with which the finances of the country are handled," he declared . . . "but it shows how effectively we are taxed without leaving us entirely penniless."

Trouble afoot

Israeli Prime Minister Menachem Begin's decision to attend the funeral of President Sadat on Saturday will create some additional security problems in Cairo.

Begin, who announced his intentions yesterday before going into retreat for Yom Kippur, the Day of Atonement, strictly observes the Jewish Sabbath. That means he cannot travel that day—indeed since the religious parties joined his coalition government, there have been moves to ban all El Al *flights on a Saturday*—and will have to fly to Egypt tomorrow.

Accommodation will then have to be found for him within easy walking distance of the funeral rites. The Biblical law forbids travel by car or even too far on foot.

Israel's late Prime Minister, Ben Gurion, had to overcome similar problems when he attended Sir Winston Churchill's funeral in London—though the security hazards were far less. He stayed at the Savoy and, accompanied by his bodyguards, walked to St. Paul's for the service.

Observer

ECONOMIC VIEWPOINT

A tour of the alternatives

By Anthony Harris

MRS THATCHER's new nickname on the backbenches, Tina (There Is No Alternative), suggests something less than reverence for her solid convictions. And Mr Edward Heath is only the most vocal of the critics in her own party pointing out that there are alternatives; and, since there is already a Liberal alternative (incomes policy cum self-management) a Group of 364 alternative (incomes policy plus modest depreciation), an Alternative Strategy (protectionism plus State planning) and a largely unknown Social Democratic alternative (balanced budget public sector expansion might appeal to Mrs Williams and Mr Jenkins), Mrs Thatcher's favourite slogan is clearly untrue in a literal sense. Indeed, there are alternative interpretations of Government policy.

It is as well to sort out the ambiguities in Government policy first, so that we know *what we are seeking an alternative to*, if you will forgive the phrase. Mrs Thatcher may be following the star of monetarism (though she denies it), but it is a rapidly moving star. When the present Government came to office, supply-side monetarism was the fashion—the belief still held in the U.S. that if the central bank controls the quantity of money, then it is perfectly all right to stimulate real activity through the fiscal deficit.

Old-fashioned answers

British monetarists are now tending to revert to a more austere doctrine long preached by Mr Enoch Powell: that Government deficits are the source of monetary inflation. As Professor Alan Walters put it in a lecture only this week, it is all really very simple: we can pay higher taxes now or we can borrow long term and pay higher taxes later, or we can pay an inflation tax.

This fiscal hard line has had two practical consequences: the March Budget, and the current public sector pay policy. The Government is not officially concerned with limiting cost-push inflation (though the CBI is grateful for the example) but with limiting the fiscal deficit without having to raise taxes. It is odd how new forms of logic produce such old-fashioned answers.

However, things are less simple than they appear. Some *members of the Government*, such as Mr Leon Brittan, talk as if the objective of policy is simply to reduce the cash value of the borrowing requirement, regardless of the state of the economy. This tends to produce a desperate search for further cuts when the economy is most depressed, and hopeful talk of scope for tax cuts if and when activity and revenue begin to rise.

A more sophisticated approach, urged by Professor Terry Burns, is to stess the *underlying* trend of the borrowing requirement, which permits some increase—preferably in public sector investment—when pressure on resources is very slack. This has the merit of being quite largely self-financing, since revenue is increased and welfare spending cut.

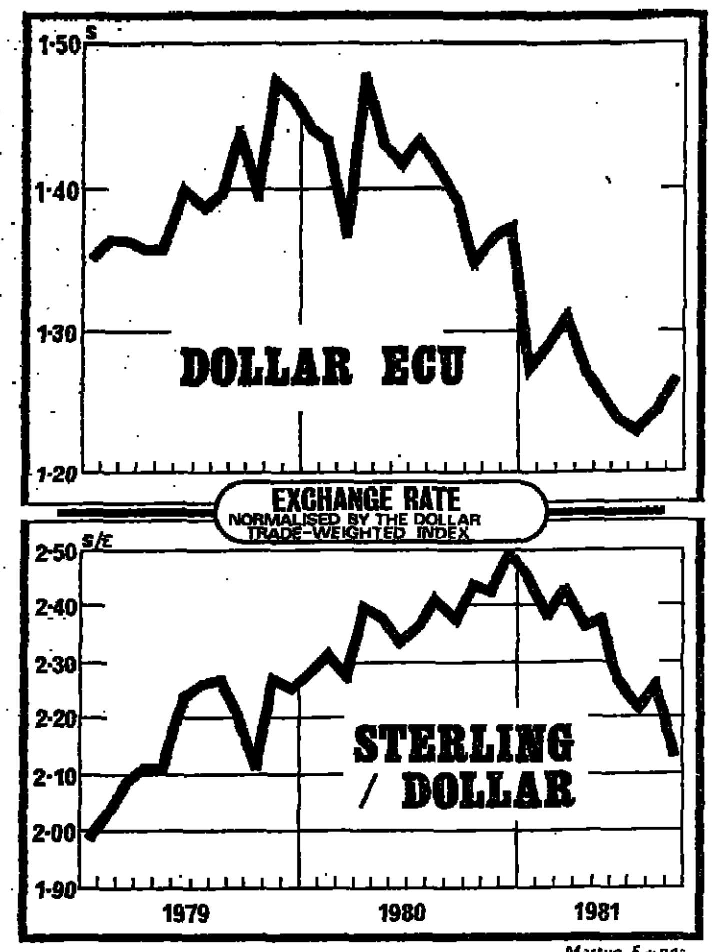
This line of thought is now evident in the much softer Government approach to public sector investment, shown in recent ministerial statements and the joint study of private financing of public sector projects announced by the National Economic Development Office (NEDO).

In addition, there is now a very active interest in Whitehall in a new approach to fiscal tightening—cutting debt service outlays through indexed borrowing.

This is denounced by those of the true faith, such as Mr Alfred Sherman of the Centre for Policy Studies, as the road to Israeli hyper-inflation—as one critic wittily put it, the road to hyper-inflation is paved with good inventions. It is regarded *by others, however, including* The Economist, as the solution to current contradictions, in which the capital markets behave as if capital goods were as precious as gold, but the capital goods industries are increasingly unemployed.

The point to grasp is that even within the Government's present austere doctrines there *is an alternative and more* expansive interpretation which is possible. Contra-cyclical investment financed through private equity or indexed Government paper could be consistent with the letter of the doctrine. More may be heard of this when the present pay battle is over.

We can now turn to some of the *outside alternatives*. Mr Edward Heath might privately be fairly happy with the expansive interpretation of current Government policy, with one vital proviso: there should be less concern with the quantity of money, and more with its external value.



Martyn Baines

The chart shows the contrasting movements of sterling and of the ECU — the numeraire of the EMS — against a "normalised" dollar — that is to say a dollar corrected for its own trade-weighted exchange rate movements. It would *of course be preferable to know an effective exchange rate* for the ECU itself, weighted by the trade pattern of members rather than that of the U.S., but this is not available

This is not nearly so radical as the clash of personalities *might suggest*. The Government is clearly concerned now with the exchange rate, which has so far done most of the work in reducing private-sector inflation. Professor Walters, in an unguarded moment, suggested that the exchange rate is a more reliable and less distorted measure of the effect of domestic credit policy as a whole than any *of the divergent and confusing* measures of the quantity of money.

Mr Heath, of course, is interested in more practical matters than measuring the stance of credit policy and argues that an EMS approach, bolstered by a European ring-fence of exchange controls, would enable us to stabilise the value of *money without imposing high* interest rates which he sees as imported from the U.S. This is a tempting line of thought, *since so much of the current* instability is associated with large flows through the capital markets but it does beg two questions.

First, it is not clear how far even Europe-wide exchange controls would damp these movements, which are quite *largely concerned with the* placement of Opec surpluses; it might be necessary to let the dollar float up when U.S. interest rates are high. Secondly, it is certainly not clear at the moment how far interest rates are dictated from the U.S. The Bank of England seems to be acting quite largely to damp the growth of domestic borrowing.

The more radical alternatives, which call for various blends of incomes restraint and fiscal stimulation, need not be reviewed in any detail here, because our concern is with alternatives which are consistent with the Government's basic market philosophy.

There is a case to be made for the proposition that administrative restraints on real incomes, if they could be made to work, would be less costly than getting the same results through depreciation, or depression, or both. There is also a case to be made that the economy is now too weak to be exposed to the full rigours of world competition, and needs a protective convalescence. These cases can be argued, but they *would not convince Mrs Thatcher* or her Conservative critics.

What follows, then, is a personal review of what may be regarded as the practical alternatives; and the adoption of an exchange rate target seems to me the most attractive of all of them. This is not because it is necessarily less deflationary than a monetary objective—it probably would not be at the moment—but because it would work better.

The trouble with monetary targets is not only the wide choice available — which leads to confusion in financial markets and total incomprehension in the man in the street—though this is already a grave criticism. Monetary restraint, after all, is supposed to be painless *only if it influences expectations*.

Monetary targetry is also, unfortunately, quite inconsistent *with the permissive monetary* regimes of Britain—and for that matter the U.S.—where financial intermediaries are free to compete and innovate. It may be necessary to impose high interest rates because the exchange rate is weak; it is absurd to do so because Britain's banks, in a credit slump, are stealing business from the building societies.

The alternative to an exchange *rate target is to make* monetary targetry workable by imposing tight controls on the operations of the banking system, after the style of Germany and Japan. This has its own appealing merits, to *judge by the performance of* those economies, and I would commend the topic to the Social Democrats; it does not *seem likely to be adopted by* our present Government.

Given a sensible form of targetry, it would be much easier to make other aspects of economic management less destructive. An exchange rate regime which imposed a constant but tolerable challenge to industry—the old Barre regime in France—is probably achieving all that can be achieved by monetary policy in an inflation-prone economy. The French record, on a long view, suggests that it contains inflation without stopping it, and permits quite impressive real growth.

The French record also suggests that such growth *can be* achieved with a fiscal policy which is quite tight except in sharp recessions, when the *deficit rises for cyclical reasons* —the Terry Burns approach. Growth is further assisted by an energetic approach to public *sector investment*, thanks to relatively low long-term interest rates.

The long-term financing block

The role of indexation and other innovations in long-term financing in this respect seems to be a relatively modest one, though it may be highly important at the moment: it is simply to break out of the present long-term financing block.

The block needs breaking, because while the new fiscal wage stance is squeezing resources out of consumption, local and imported monetary problems continue to prevent *their transfer into investment*. Indexation would help in present circumstances; but it would be better — and less dangerous in the long run — to improve the circumstances. Adopting a sensible regime for value of money and for timing public investment might remove the need to invent gadgets to get round our self-imposed problems.

Lombard

Ideology and politics

By Gareth Griffiths

BRITISH POLITICIANS and political activists were until *recently rather suspicious of* political philosophy. Beliefs were acquired by a haphazard and diffuse process of merging vague political ideas with everyday experience, not through a systematic approach to political economy. A passing acquaintance with the works of Burke, Hazlitt and Marx sufficed for most people active in *politics. This meant of course* that many political activists held contradictory views; in short the circumstances led to the "bogus dilemma" of right and left, so decried by Samuel Brittan in this newspaper over the past decade

There has been a sea-change in these political attitudes over the past decade with a far greater commitment to ideology than the simple goodwill and compassion which had been a driving force of much of British politics before. It applies to both parties, though perhaps more forcibly to the Labour Party.

It was *summed* up in a survey of Labour Party activists published in the Political Studies journal in 1979. Active *constituency party members* were asked why they were in the Labour Party. The older group, traditional in their disdain of political theory, said they were members in order to help people. The younger group, more ideological, said they were there to further the cause of socialism.

A similar approach has emerged on the right at a far more powerful level. The phrase "there is no alternative" is the sort of language one would expect from a Marxist wedded to historical determinism but when it comes from the leader of the Conservative party, it *suggests that Mrs* Margaret Thatcher has found herself in a historical *cul de sac*, led there by vigorous adherence to theory rather than the more traditional Tory pragmatism.

This theoretical approach to politics has been examined recently by the Fabian Society, the Labour Party's think tank. In its annual summer school this year, it looked at the philosophy of the new Right and now has published a pamphlet* on the role of ideology in the Labour Party, *written by Mr David Webster.*

Webster's thesis is that the Labour Party has three systems of ideas: social democracy (held by Mr Roy Hattersley), ultra democracy or the delegation of decision making as far down the political ladder as possible (as expounded, for example, by Mr Tony Benn), and modern British Trotskyism. The intellec*tual history of the Labour Party* over the past decade has been about the emergence of an alliance between the latter two.

The pamphlet says the alliance is a temporary one because it is difficult to maintain the support of the Trotskyists without making concessions to them.

The rise of Trotskyism on the British left, Webster says, has been remarkable since the 1960s and has been helped by the higher education boom of the 1960s and 1970s which created a discontented first-generation intelligentsia from the working and lower middle classes; sometimes snobbishly or popularly known as the polyocracy.

Unlike the angry young men of the 1950s, these first-genera*tion students, many of them* working in the public sector, vented their anger through collective politics and now form the *backbone of the present* Labour left.

The drive to involve ideology in political life ends up destroying the secondary influence political theorists have on politicians. The obvious example is the case of monetarism. It is now impossible for someone on the left of British politics to declare a belief in monetary restraint. The term is identified with certain aspects of the Government's policy. But monetarist ideas are in themselves politically neutral and could be used by governments of all persuasions. The sad case of the monetarist idea illus*trates the intellectual debase*ment that the current flirtation with ideological politics can bring. It is something that must depress mainstream politicians this conference season.

**The Labour Party and the New Left*. David Webster. *£1 (post free). The Fabian Society, 11, Dartmouth Street, London SW1.*

Letters to the Editor

Implications of a strike by gas workers

From Miss A. Smith.

Sir,—This letter concerns the investigation by the Monopolies Commission into selling off gas showrooms. Industrial action has been threatened by the unions involved and will undoubtedly take place, but have all the members thought fully of the consequences? We will not get "public sympathy" but "public apathy" by taking industrial action.

In many instances however, this will be a customer we shall lose for good. In other instances I believe that the safety of the consumer will be at risk because due to its specialist and explosive nature there is insufficient knowledge of the workings of many gas appliances.

I appeal for common sense on both sides and would ask the following questions. Has adequate thought been given to the situation by both sides, ie the Government and the unions who intend to call a strike. Sir Denis Rooke, our chairman, has appealed to us not to strike but *it would appear from the propaganda* being circulated to all gas employees by the unions, that they will, without doubt, *ignore* this appeal for common sense. Why is the Government so adamant in its decision? What arrangements will be *made for paying bills, safety*, and all the other questions currently being asked? Perhaps if we had more information it could well be that the "so called" figure of 30,000 jobs will not be lost; in private enterprise it could well mean more jobs. We do not know enough about what is to happen and until every angle has been discussed by the Government, management, unions, and employees, in much more detail, I appeal for common sense on all sides.

Let us not have a strike and cause *financial hardship*, particularly to industry which is suffering enough with high interest rates without being crippled by our industrial action. We, the employees, and the public sector should be fully aware of the outcome of industrial action, it affects us all but not enough interest is being shown by the public sector in what "the closure of the gas showrooms" really means. There appears to be the general attitude—oh! it will not affect me, and the majority of people who I have spoken to do not even know *anything about it*.

Closure of the gas showrooms is going to affect vast numbers of people — industrial action will affect even more, whether you use gas personally or not—it could affect your job—particularly if the factory or office where you work has to close down due to lack of gas! Because if there is going to be long-term industrial action, consumer safety and protection will also cause the closure of the entire distribution network and *would cost thousands of pounds* to repurge the gas mains in this event.

What is to happen? Not *enough information is available* and the public is not aware of the implications of industrial action. I personally do not want *to strike; I do not believe that* this is the answer to the problem at this stage.

(Miss) Ann Smith.
5, Feedhams Close, Wivenhoe, Colchester, Essex.

A new way to print money

From Mr John de Rivaz

Sir,—With reference to the increase proposed for January resulting in 15.5p for a letter, I feel that this must be a red *letter day*. I can remember when this sum would post the heaviest allowable parcel, and I am only 37 years old.

It is often mentioned when postal rates rise that capital is required to bring modern technology into the postal system. Understandably, the Government limits the amount allowable from its income from taxes. However, there is a very simple way the Post Office can raise capital:

That is to print stamps instead of with money denominations, with denominations of units of postage. Thus a first class letter would be 16 units, second class 12 units, say and so on for all postal services. From time to time increases would be made in the cost per unit of postage. However, anyone who had bought a lot of stamps before various price increases could still use those stamps. At the moment, if you buy a first class stamp today, it would be incorrect to use it this time next year without *adding an extra amount*. But if stamps were of fixed postal value, then one could still use it even though once used it would cost more to buy another similar.

If stamps were printed with postal units instead of money values, then they could become a very important form of exchange apart from their postal usage. Given that the postal services are labour intensive, stamps would be a much more secure form of exchange than money. By "printing" such stamps, the Post Office could quite easily raise millions of pounds extra capital interest *free!*

John de Rivaz,
West Towan House, Porthowan, Truro, Cornwall.

Local authority sources of finance

From the Chief Financial Officer, Kingswood District Council

Sir,—Your total condemnation (October 1) of local government based on an analysis of aggregate financial statistics is unfortunate in that it fails to acknowledge that local govern*ment is not a homogeneous system*.

Generalised statements on local government finance can never do justice to the variety of councils which comprise the local authority sector. My own authority, one of 297 English *non-metropolitan district councils* raises 29 per cent of its expenditure from central government grants and only 8 per cent from the rate payer. The commercial and industrial ratepayer contributes 22 per cent of the total rates or less than 2 per cent of the council's annual expenditure. Hardly a classic case of taxation without repre*sentation!*

Richard B. Knight.
Council Offices, Kingswood, Bristol

Don't save it—burn it

From Mr Norman Newton

Sir,—Your report (September 30) that Mrs Jane Carter, head of the Department of Energy Conservation Division, is "somewhat" disappointed with the lack of industry action to improve energy efficiency does not surprise me.

Indeed, even when we demonstrate significant fuel savings, with a payback period of less than 12 months, many companies still turn a "Nelsonian" eye and do not invest. This short-sighted attitude by many industrialists and managers is all the more astonishing when the latest microprocessor-*controlled equipment*, producing potential savings of thousands of pounds a year, costs only £4,000, installed on most *sizes of packaged industrial* boilers.

Like the Department of Energy, we are willing to examine and adopt any reasonable method to finance and promote energy saving and increased efficiency but, with very few exceptions, and despite the recession and rising fuel costs, many companies in Britain still have money to burn.

Norman Newton,
Marketing Director,
Computer and Instrumentation Division,
Westinghouse Electric SA.
Burymead Road, Hitchin, Herts.

BA compares very favourably

From Mr J. Martin

Sir,—British Airways has recently been subject to much scrutiny and criticism as a *result of its current financial* problems. Furthermore, from time to time, and not infrequently, dissatisfied air travel*lers are quick to put pen to* paper and write to newspaper editors quoting cases of flight delays and poor service, and *even criticise such vital aspects* as the style of language used in in-flight announcements.

As a regular and frequent air traveller I would like to help to redress the erroneous and unfair picture these criticisms must present. I choose British Airways whenever possible because its record of punctuality in my experience is no *worse, if not better*, than that of other major airlines and because of the normally efficient, courteous, pleasant and cheerful in-flight service. In both these respects British Airways compares very favourably with all but one or two European and overseas airlines. Very recent flights on British Airways aircraft to New York and Amsterdam confirm this, my long held view.

The overall good impression of British Airways flights is often marred by frustration as a result of inefficient and slow ground handling at Heathrow Airport—*this ohwever, I believe* is in the remit of British Airports Authority, whose organisation for disembarkation and baggage handling is poor by the standards of most other European airports.

J. C. Z. Martin.
Fisons (Scientific Equipment Division),
Riverside Way, Uxbridge, Middlesex.

Holt Lloyd benefits from lower interest charges

REDUCED interest charges enabled **Holt Lloyd International**, maker of car care products, including Turtle Wax and Molyslip, to increase pre-tax profits to £2.19m in the 28 weeks to *September 12 1981*, compared with £2m.

Trading profits were similar at £2.55m (£2.5m) but interest payments came down from £498,000 to £364,000. The interest dividend is repeated at 1.5p net per 10p share, last year's total having been 3.17p when the taxable surplus reached £3.27m. Earnings per share are given as 3.39p (3.45p).

Sales of £28.82m, up from £25.35m, *reflected a 31 per cent* improvement in overseas turnover—£14.25m against £10.82m — enhanced by favourable exchange rates in America and Australasia. UK sales of automotive products brought in £12.86m, down from £13.07m, and the food products marketed by N. Kilvert and Sons, a subsidiary, accounted for £1.71m (£1.45m).

Mr Tom Heywood, the chairman, describes the outlook for the second half as uncertain, especially in the UK and in product areas which are winter-orientated. However, "subject *to no adverse currency movements*, our overseas operations are expected to maintain their progress and over the group as a whole we anticipate some reasonable improvement over last year."

He notes that UK margins have come under increasing pressure as a result of severe price competition. "This has obliged us to allocate additional funds to defend our market share and it is anticipated that this will be a feature of our UK business in the foreseeable future."

Tax took £874,000 against a re-stated £680,000, and there was an £87,000 (£76,000) debit for minority interests, leaving attributable profits slightly lower at £1.22m (£1.25m).

● comment

Holt Lloyd has grown a little more confident since the turn of the calendar year, when it was forced to downgrade earlier projections, but its hopes for a "reasonable improvement" this time rest heavily on overseas profits. Turnover in Europe, North America and the Pacific region has grown 31 per cent in the latest half-year which, while benefiting from more favourable exchange rate swings, is entirely responsible for the overall 9 per cent pre-tax profit upturn. The second half is difficult to predict. Higher working capital needs, as is normal at this time of the year, will lift interest payments again and only a tangible rise in UK demand for winter car care *products can stimulate full* recovery. The dividend is quite secure and the yield of about 8 and the historic p/e of a little under 10 offer some support. Car care is margin sensitive and domestic volume has been clipped back again but, if not fully recession-proof, the sector should be a lot less vulnerable than many other consumer markets.

First half turnround at CES

PRE-TAX profits of £116,000 are reported by **Combined English Stores Group** for the 28 weeks to August 15, 1981. In the corresponding period last year the group incurred losses of £380,000 but for the 53 weeks to January 31, 1981, pre-tax profits amounted to £3.21m.

Sales, excluding VAT *fell in* the first half from £51.8m to £46.34m.

Mr Murray Gordon, the chairman, says the interim results reflect the continuing severity of the effect of the current economic recession on the retail trade in the UK, as well as the action that has been taken to eliminate loss-making activities.

He says the results for the much more important second *half will mainly depend on the* level of consumer spending during the Christmas period. The directors are confident that the results for the year as a whole will show a satisfactory increase on last year's figures.

He says the group is financially strong and is well placed to take advantage of any opportunities for profitable expansion that may arise.

Trading profit of the group was £36,000 against losses of £308,000. The share of profit of the associated company was £80,000 (*£72,000 loss*). Tax took £50,000 (nil), and there were minorities of £22,000 (£16,000) and extraordinary debits of £536,000 (nil).

The profit (loss) of the group includes profit on the disposal of property, including sale and leasebacks, amounting to £1.17m (£930,000) for the 28 weeks to August 9, 1980 and £1.51m for the 53 weeks to January 31, 1981).

Extraordinary items relate to the disposal and termination of trading activities of subsidiaries and include £287,000 written off goodwill.

The interim dividend, which absorbs £724,000 (£722,000) is unchanged at 1.49p—last year's total was 3.15p. Stated earnings per 12½p share are 0.07p (0.83p loss).

● comment

The disposal of the loss-making Kendall and reduced losses from Fenton will be sufficient to boost **Combined English Stores** profits in what would otherwise be a dull year. The shares added 3p to close at 39p after a bullish chairman's statement and reduced interim loss, ex-property. Margins at the interim were wiped out by higher costs but the company hopes to recoup this by increased turnover in the second half. Stocks have been pared by a further £1¼m and the company *is relatively cash rich after the Kendall disposal.* Fairly sizeable overseas acquisitions are likely. Full year earnings of around £4.5m are in sight. The shares yield nearly 12 per cent and the p/e, fully-taxed, is 8.

Smith Bros. trims Euro-options

TO REDUCE the risk of further loss from its European traded options subsidiary in Amsterdam, the stock jobbing firm of **Smith Bros.** has cut back the scope of its operations there.

The offshoot, Wedd Smith had been started as a joint venture with another firm of UK jobbers, Wedd Durlacher Mordaunt, in 1978 but last year Smith Bros. bought out its partners.

For the year Wedd Smith moved into loss. In his annual statement Mr Anthony Lewis, Smith Bros. chairman, says that this together with the breakdown of talks with a Dutch bank aimed at it taking a major stake in the offshoot, led to the decision to reduce Wedd Smith's activities.

By contrast the traded options market in London, having received the expected favourable *tax ruling and with the recent* introduction of "put" options, has better long-term prospects than at first seemed likely, he says.

As known, for the year to April 30 1981 Smith Bros. pushed pre-tax profit ahead from £1.2m to £1.87m for stated earnings per share of 9.9p (6p). The net dividend is stepped up to 3p (2.5p).

Costs rose more steeply than expected during the year mainly because of the need to finance a rising equity market. There was also a technical problem in the gold share market arising from the introduction of the Talisman Settlement System in South Africa, which, coinciding with a change in South African stamp duty laws, led to heavy financing costs.

The Talisman settlement in gold shares is now working smoothly and Smith Bros. capital commitments are back to normal in this area.

Eucalyptus downturn

REDUCED first-half profits are shown by **Eucalyptus Pulp Mills** for the six months ending June 30, 1981. Pre-tax figures fell from £2.69m to £2.32m, on sales down from £9.17m to £8.98m.

In the chairman's last full year statement he said that prices might increase in the last quarter. However, the continuing world-wide recession seems to preclude this before the first quarter of 1982 at the earliest, *say the directors.*

The company is, however, actively widening its trading base in markets such as South America and South East Asia, where it is believed long-term future growth lies.

Despite difficult trading conditions, a buoyant U.S. dollar, in which trade was conducted, has *helped maintain escudo profits* before tax on budget. However, the directors warn that first-half profits are traditionally higher than the second half.

The capital expenditure programme is proving effective at the Constancia Mill in Portugal, by reducing costs and increasing productivity.

Earnings per share at midway are given as 35.3p (45.3p) against 56.3p in the last full year.

Depreciation charges took £315,354 (£217,447) for six months and interest rose from £57,894 to £163,820. Tax was lower at £912,775 (£874,686) and minority interests took less at £98,561 (£125,894).

Retained profits emerged lower at £1.22m compared with £1.37m previously.

Br. Benzol calls for £620,000

British Benzol Carbonising, the troubled coke producer, is raising £620,000 by way of a rights issue of 4.7m ordinary shares on the basis of one new share at 14p for every two held on September 29.

Mr W. J. C. Douie, chairman, said the company had made material progress since the annual report was published in July but a return to a satisfactory level of profitability would depend on a sustained recovery in its markets.

More company news on Pages 25 & 26

The board seeks to reduce the company's heavy dependence on a single product and intends to broaden its base in carbon chemicals and expand complementary markets. The rights issue proceeds would restore a proper balance between equity and capital employed. Net borrowings stand at about £0.9m compared to shareholders' funds of £715,000 at March 31, 1981.

Last year's dividend was passed and the board will be unable to recommend a dividend for the current year. Brint Investments, which raised its stake from 4.9 per cent to 24.6 per cent last July, is taking up its rights as is Mr Douie, who holds 25,000 shares. The balance has been underwritten by brokers Fiske and Co. Dealings in the new shares are to begin in nil paid form on October 12 and the final date for acceptances is October 30.

● comment

The prospects for **British Benzol** looked bleak after the collapse of coke markets last year. But Brint Investments, formerly Hall Brothers Steamship, took a major stake in July and is leading Benzol to adapt its South Wales plant to produce more smokeless fuel as well as coke. The project will cost about £0.2m and, it is hoped, will help see the company back into profitability this year. At 19p, up 1p, the market capitalisation is an optimistic £1.8m, but the rights shares should probably be regarded as speculative.

Habitat at 20p premium

The shares of **Habitat**, the home furnishings group that came to the market last week by way of a £12m offer for sale by tender, rose to a 20p premium over the 110p striking price in initial dealings.

In contrast with the turbulent market conditions prevailing last week when the tender offer closed, yesterday's climate was favourable and jobbers were surprised by the strong reception given the shares. They opened at 120p, rose quickly to 127p and then gained another 3p through the day to close at 130p.

However, volume was light, confirming the sponsors' belief that most of those who subscribed for the shares intended to be long term holders.

Home Farm Products

In the first full year that **Home Farm Products**, the Sheffield-based pork butcher, has operated as a public company pre-tax profits declined from £702,567 to £667,049 on turnover up at £14.59m against £11.23m.

However, the attributable surplus for the year to May 31 1981 emerges nearly six times higher, at £401,528 (£67,333). This was after tax of £265,521 (£371,709) and a debit last time of £263,525 for pre-acquisition profits and adjustments.

Its four subsidiaries were *acquired during 1980 and Home* Farm went public in May of that year.

Earnings per 10p share are stated as 8.72p (7.19p). A final dividend of 1.75p will be paid, making the total as forecast at 2.9p, compared with last year's single payment of 1.75p.

Christies falls 10% and margins under pressure

DESPITE favourable financial and exchange factors, pre-tax profits of **Christies International**, the fine art auctioneer, fell by 10 per cent from £3.62m to £3.26m for the first half of 1981, reflecting the current pressure on margins. Turnover rose from £15.95m to £18.05m.

Mr J. A. Floyd, the chairman, says that the present more difficult conditions were anticipated and appropriate measures were taken last year to obviate as far as possible the effects of a less predictable market.

However, he warns that while in the long term the prospects for the international art market are good, it is already clear that the second *half results will not* match the first. Taxable profits for 1980 totalled £7.04m, on turnover of £30.97m.

The chairman reports that the market for major works of art has remained firm but there has been greater selectivity among buyers in the middle ranges. However, group auction sales worldwide increased from £84.3m to £93.5m.

The net interim dividend is *being held at 2p per 10p share*—last year's final was 5p.

First-half trading profits dropped from £3.49m to £2.55m, before net interest receivable of £467,000 (£331,000) and exchange credits of £245,000 (£196,000 debits).

The interim accounts have been prepared under the historic cost convention modified by the revaluation of all fixed assets. Comparatives have therefore been restated reducing trading profit by £122,000 in respect of additional depreciation charges.

After tax of £1.82m (£1.94m) and minorities of £34,000 (£17,000), the net available surplus was £1.41m, compared with £1.66m. The dividend again absorbs £410,000.

As recently reported, the action brought by certain members of the British Antique Dealers Association and the Society of London Art Dealers against Sotheby Parke Bernet and Company and Christie, Manson and Woods relating to the introduction of the Buyers Premium was settled on September 30.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barlow Hldgs.	int.	1	Dec 15	1	—	4‡
Christies Intl.	int.	2	Nov 20	2	—	7
Comb. Eng. Stores	int.	1.49	Nov 25	1.49	—	3.15
Foster Bros.	int.	1.1	Dec 12	1.1	—	3.35
Fothergill Harvey†	int.	3.75	Dec 7	2.75	—	7.75
Hambro Life Assur.	int.	3.5	Nov 26	3	—	9.6
Harris Queensway	int.	1.33	Nov 30	1.33*	—	4*
Higgs and Hill	int.	2.5	Dec 1	2	—	4.8
Holt Lloyd	int.	1.5	Jan 4	1.5	—	3.17
Home Farm Products		1.75	—	1.75	2.9	1.75
House of Lerose	int.	2	Dec 11	2	—	6
Insur. Cpn. Ireland§	int.	3.74	Oct 30	2.88	—	10.63
JB Holdings	int.	2	Jan 5	1.5	—	3
Laing Props.	int.	1.75	Nov 20	1.5	—	4
Lawtex		0.5	Jan 4	2.13	1.5	4
Scottish Met.		2	Jan 9	1.67*	3.25	2.71*
Surmah Valley Tea		1	Nov 12	2.25	1	2.25
Utd. Carriers	int.	1.2	Jan 6	1*	—	3.5*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special non-recurring payment of 1p. § Irish currency throughout.

Harris Queensway profit jumps

PRINCIPALLY because of the adverse trading conditions last time, and the internal problems arising from acquisitions and expansion, which have now been overcome, pre-tax profits of **Harris Queensway Group**, retailer of carpets, furniture, jumped from £1.22m to £2.92m for the half year ended June 28 1981. Turnover was also well *ahead—at £61.12m, against* £48.85m.

The directors say they remain confident that the recent expansion of the company's trading base, and a continuing drive for cost savings, mean that the year's result "will be a good one in the current economic climate and we are well placed to face what seems likely to be another hard year in 1982."

After six months' tax of £1.28m (£285,000), earnings are shown as 2.92p (1.7p) per 20p share and the interim dividend is effectively unchanged at 1.33p net.

Furniture sales were less depressed than those of carpets, but both were particularly disappointing in Scotland and the Midlands, the directors state.

The 10 stores acquired from Ukay Furnishing last May were quickly integrated into the Queensway division and a further 19 stores were opened in the first nine months of 1981, bringing the total to 65.

Trading since April has been encouraging in the new Poundstretcher division, which *operates from 15 branches in* Scotland and the north of England.

Net tangible assets as at June 28, were £30.5m (£27.7m at the end of 1980) and although net borrowings were higher in June, against the year end, mainly reflecting the cash costs of property acquisitions, these have been reduced subsequently and are expected to be lower by the end of 1981.

Interest charges for the first half amounted to £1.24m (£1.03m), and the taxable figure included £367,000 (£586,000) on profits on property transactions.

● comment

Harris Queensway may well alter its accounting practices this year. It does not take interim profits on uncompleted sales, meaning that the last two or three weeks of the period carry overheads without any profits. So, Harris' argument runs, the recovery is better than it looks with a truer pre-tax figure of £3.8m against £1.3m excluding property. Nevertheless, margins are nowhere near as good as they were. Volume from existing stores proved surprisingly good given the trading background but the costs of rapid physical expansion held profits back. Meantime the Poundstretcher venture was at break-even at the half way stage and could make £300,000 to £400,000 for the second half. It will not be another round of self induced blood letting like DIY. Now that the expansion hump is over borrowings are starting to fall—perhaps by a third to £10m at the year end—and Harris could make £9m this year. At 108p the fully taxed p/e of 13.8 and yield of 5.3 per cent are not expensive for this share.

Fothergill drops £0.3m midway

THE REPORTED progressive improvement in order intake through the first quarter at Fothergill and Harvey was not sustained and this led to a fall in turnover and profits for the 26 weeks to June 27, 1981.

Turnover for the period dropped from £9.97m to £8.69m, while taxable profits were down from £1.04m to £734,000. The company says there is no sign of any upturn in its *markets and profits* for the full year are expected to be lower than last year's £1.82m pre-tax.

The company is involved in the manufacture of fluorocarbon based products, fibre reinforced composites and industrial textile fabrics. It reports that demand levelled off during the half year and the volume of business throughout the summer has remained unsatisfactory, necessitating further contraction in numbers employed.

Interest charges for the half year were lower at £74,000 (£120,000). The effects of the recent increases in interest rates are not yet apparent, but on the assumption that the situation will not worsen significantly, the company is maintaining its interim dividend on increased capital at 2.75p net per 25p share—last year's final was 5p.

First-half net earnings per share are stated down from 6.74p to 4.37p. Attributable profits fell from £619,000 to £495,000, after tax of £250,000 (£431,000)

The company, together with a UK subsidiary of American Cyanamid Co. of the U.S., have recently formed Cyanamid Fothergill, which will supply advanced composite materials for structural applications to European aerospace and similar high technology industries. It is a 50/50 joint venture.

● comment

Fothergill and Harvey is suffering from the universal dearth of *industrial orders*, and to that extent its reduced interim profits are in line with expectation. But the emphasis on technological innovation in aerospace and military aplications has left Fothergill additionally vulnerable to cuts in public sector spending. The recently acquired Symons subsidiary will make a smaller contribution this year than had been hoped—partly because it has had to do without some of its usual naval contracts. Some specialist products which rode smoothly through the 1974 recession—for example, high temperature cable — have suffered this time. Futuristic projects are being deferred; flexible roofs for Scottish and Italian sports stadia have been folded back. New ventures, such as the partnership with Cyanamid, continue to focus on the middle distance. Although it is hard to see Fothergill making much more than £1.3m this year, and the shares came back 8p to 120p, they still stand on more than 20 times prospective fully-taxed earnings.

SPAIN

October 7	Price %	+ or −
Banco Bilbao	359	−9
Banco Central	342	−9
Banco Exterior	300	−8
Banco Hispano	311	−4
Banco Ind. Cat.	118	
Banco Santander	385	−9
Banco Urquijo	241	
Banco Vizcaya	375	−9
Banco Zaragoza	241	−9
Dragados	169	−8
Espanola Zinc	74	
Fecsa	67	−1
Gal Preciados	53.5	
Hidrola	75	−0.7
Iberduero	57.5	−0.7
Petroleos	106	−2.5
Petroliber	83	
Sogefisa	51	
Telefonica	77	−2
Union Elect.	71.5	−1.5

CORAL INDEX

Close 484-489 (+13)

OIL INDEX

December Refined $43.05

January Refined $43.45

THE TRING HALL USM INDEX

109.6 (+1.5)

at close of business 7/10/81

BASE DATE 10/11/80 100

Tel: 01-248 5675

Hambro Life growth rate slackens

By Eric Short

NEW BUSINESS growth of **Hambro Life Assurance** slackened during the third quarter with new initial commissions only ahead by 21 per cent against the third quarter of 1980, compared with a 31 per cent growth in the first six months.

Even more significant, the company in its interim report warned that the rate of growth in profits for 1981 was likely to be lower than the anticipated new business growth.

The interim dividend is improved by 0.5p to 3.5p — a rise of 16.7 per cent.

The market took the news badly. The share price rose 10p ahead of the announcement only to drop 28p to 347p for a net loss on the day of 18p.

The basic reason for this slackening in profits growth is that the company is coming under expense pressure. The recession appears at last to be hitting the life assurance industry in that the average size of premiums on new business is rising more slowly than inflation.

In addition, the trend is away from annual and towards monthly premiums, thus holding back profit for 1981. On the other hand, Hambro Life, in common with insurance groups, has granted generous salary increases to staff above the inflation rate.

The market has revised its 1981 growth assumptions from one-third to a 20 per cent increase in both profits and dividends, which would mean a total dividend of 11.5p, indicating a gross yield of 4.8 per cent.

Dale Electric improves

Dale Electric International was having an improved year, Mr Leonard Dale, the chairman stated at the annual meeting.

Although all turnover targets were not being fully met, the company detected a brighter trading atmosphere, particularly overseas. Incoming sales were more than double last year's levels; invoicing was level-pegging but with a much larger outstanding order book, now equivalent to almost one year's production for the group.

The new acquisitions in France and Mexico earlier were both on target.

YEARLINGS

Yearling bonds at 16½ per cent redeemable on October 13 1982 have been *issued* this week by the following local authorities:

City of Kingston upon Hull (£1m); Congleton BC (£0.4m); North East Fife RC (£0.5m); Mole Valley DC (£0.25m); BC of Gateshead (£0.375m); Bassetlaw DC (£0.5m); City of Swansea (£0.5m); Birmingham DC (£1.5m); City of Glasgow (£0.5m); Basingstoke and Deane BC (£1m); Cherwell DC (£0.5m); Chester-le-Street DC (£0.5m); City of Newcastle upon Tyne (£1m); Wakefield Metropolitan DC (£0.75m);

ELLIS & EVERARD

Mr Simon Everard, chairman of Ellis and Everard, told the annual meeting that the company had retained, or perhaps increased, its market share without too great a sacrifice on working margins.

He revealed that all divisions were trading profitably and that for the five months to September 30 total third party sales had advanced by 8.23 per cent—from £12.44m to £13.46m.

UK COMPANY NEWS

Higgs and Hill midway surge

FIRST HALF pre-tax profits rose at Higgs and Hill from £802,000 to £1.54m up to June 30 1981.

"At this juncture I see no reason why the second half of 1981 should not produce a similar level of profits," says Mr Edwin Phillips, chairman. In the last full year pre-tax profits were £2.1m (loss £908,000) on sales of £121.8m (£100.8m).

Sales for the first half moved higher, from £58m to £61m, and the interim dividend is 2.5p (2p)—last year's total was 4.8p.

Despite the present economic climate and the depressed industry, construction, property and housebuilding operations have all contributed to the improved results, as have reduced costs, the chairman states.

The UK construction division enjoyed steady trading, and has secured a satisfactory workload for 1981. Overseas, major construction projects in Egypt and Trinidad have progressed well.

In property, lettings of UK industrial developments have ben slower than expected. In France the company continued to attract good quality tenants and a satisfactory investment market remains.

Demand for houses continued a modest recovery throughout the period, and, although this has not since been sustained, it enabled the housebuilding company to perform well.

Earnings per share rose to 8.2p (4.7p). Tax took £801,000, compared with £417,000 previously. Attributable profits were up at £741,000 against £363,000, after a credit for minorities of £1,000 (debit £22,000).

● comment

Yesterday's optimistic statement from Higgs and Hill helped the shares recover much of the ground they had lost in the recent market slide, and the group's prospects may not yet be fully discounted. Despite the current difficult economic conditions, the construction division, which accounts for most of the group's profit, already has a satisfactory workload for next year. The housebuilding side is also maintaining some growth momentum and is likely to produce 225 units against 150. Abroad, the French property development venture continues to produce good returns and there is still much to come from Egypt and Trinidad. On the forecast of about £3m pre-tax for the year, the fully taxed p/e is less than 8, at 127p, up 12p, but the actual tax charge is likely to remain low because of stock relief. Assuming the final dividend will also be raised 25 per cent, the yield would be just under 7 per cent.

Lawtex reduces payment

PRE-TAX LOSSES of Lawtex, the Manchester-based clothing and umbrella manufacturer, have been curtailed at £158,053 for the year to June 27 1981 after a £172,000 deficit midway, but this comes with the crediting of £216,220 profits on the disposal of land in Ireland.

A reduced final dividend of 0.5p (2.125p) net per 25p share has been declared, bringing the total to 1.5p compared with 4p for 1980, when the company was £533,837 in the black at the pre-tax level (adjusted for a change in accounting policy on translating foreign currency assets).

Turnover, down 15 per cent in the first half and 9 per cent in the second on the corresponding periods last year, totalled £14.66m (£16.89m).

The pre-tax deficit was struck after interest charges of £299,046 (£367,448) and depreciation at £138,572 (£117,926) as well as the credit on disposing of the Irish land.

Tax took £12,857 (£34,286), leaving net losses of £170,910 compared with £499,551 profits.

John Bright preference

The directors of the John Bright Group say no dividend will be paid in respect of the 5¼ per cent cumulative preference shares for the half-year ending November 30, 1981.

Foster Bros. profit dives

A DROP from £3.12m to £1.22m in pre-tax profits is reported by Foster Brothers Clothing for the half-year to August 31, 1981. The interim dividend is maintained, however, at 1.1p—last year's total was 3.35p from pre-tax profits of £9.04m. Turnover of this clothier, tailor and outfitter was down from £44.4m to £41.71m. This figure includes VAT.

Mr B. G. Davison, the chairman, says the lower sales are disappointing and the main impact in the first half was felt by the group's menswear companies where turnover was particularly depressed reflecting the adverse trading experience of this sector.

Trading in the second half continues to be extremely difficult and the reduced value of the pound has increased the cost of imported goods, placing additional strain on profit margins.

After tax down from £1.4m to £488,000, net profit came out at £734,000 against £1.72m.

Stated earnings per 25p share are reduced from 3.7p to 1.6p.

Foster Brothers, through its 75 per cent-owned U.S. subsidiary, Anglo American Retail Corporation, has agreed to acquire 21 per cent of Natco Industries, which is a nationwide retailer of popularly priced menswear for 18 to 40-year-olds.

The company operates 253 stores in 186 cities, covering 34 States and the district of Columbia.

There is an option to acquire a further 21 per cent during the next two years.

In addition, Anglo American Retail has purchased 63 per cent of a private company, Biny Clothing, of New York, which operates 16 menswear stores.

The total consideration for these transactions is $2.2m (£1.2m) cash. The acquisition of the shares in Natco will cost $1.2m and the shares in Biny will be acquired for $1m.

● comment

This is a disappointing set of interim figures from Foster Brothers which is finding it increasingly difficult to maintain its share in the lower end of the menswear and casual wear markets. The lower level of sales was achieved at much reduced margins, as costs increased and Foster cut prices in an unsuccessful attempt to bolster flagging sales. Turnover from its smaller drugs and childrenswear divisions rose but here, too, margins were under pressure. The company has borrowed £1.2m through the Eurodollar market to finance its U.S. acquisition, which is not expected to contribute to profits until 1982. Even after paying interest on this Foster says it will remain in a net cash receivable position this year. With no sign of a revival in consumer demand, Foster is planning a further round of price cuts in an attempt to win back customers. The company will do well to top £4m ex-property this year. The shares at 56p yield 8.7 per cent.

Growth at Laing Properties

Taxable profits of Laing Properties rose from £3.4m to £4.25m for the half year to June 30, 1981 and the net interim dividend is being increased by 0.25p to 1.75p per 25p share. For 1980 a total of 4p was paid from pre-tax profits of £7.04m.

Net investment income for the half year was £3.9m, compared with £3.3m and £3.6m for the first and second halves of 1980. Further steady growth is likely in the second part of the current year.

Trading profit "is more difficult to predict" but the amount for the year as a whole should be sufficient to cover corporate charges—these were £50,000 lower in the first half at £550,000.

The directors say current conditions in the UK and North America call for "special caution" and fresh commitments are being carefully controlled. In general, the group's development programme is proceeding satisfactorily, work in hand is at a reasonable level and a number of new projects are in prospect.

JOHN BROWN

John Brown's engineering and construction division has bought 49 per cent of Tecnor SA, the engineering and construction subsidiary of Atanor SAM, one of Argentina's largest chemical companies.

This move is aimed at expanding Tecnor's process engineering and construction and gas and petroleum interests.

Utd. Carriers ahead to £2.9m

FOR THE half-year ended July 31 1981 taxable profits of United Carriers, express parcel service, increased from £2.5m to £2.9m, on turnover of £18.85m, against £15.55m.

Mr Graham Millard, chairman, says the figures are encouraging and that the second half has continued to show growth: "The group is on course for another satisfactory year."

The interim dividend is effectively raised to 1.2p (1p) net per 10p share—the final for 1980-81 was 2.5p paid from taxable profits of £5.04m.

After six months' tax of £1.05m, compared with £928,000, the attributable balance came through at £1.85m (£1.58m), of which the interim payment will absorb £303,000 (£248,000).

Earnings per share are given as 7.3p against 6.4p and 14.4p as at January 31 last.

● comment

United Carriers has achieved a 16 per cent increase in pre-tax profits in the first half, and seems set to prolong a record of growth which has seen no interruption since the slump of 1974. But the economic climate has not left Carriers untouched; this time last year the advance was more like 25 per cent. The company has made a lot of ground in recent years by switching to larger vehicles and thereby achieving lower staffing ratios. There is now felt to be little scope left for further improvement in that direction, although more is expected from the Abel demountable body operation. The investment in leasing assets continues, at a similar rate to last year. The shares were marked up 10p on the figures, and at 140p they yield a mere 3.8 per cent, following the dividend increase.

Decrease at House of Lerose

TAXABLE PROFITS of ladies' fashionwear group, House of Lerose, have dropped from £568,454 to £471,476 for the first half of 1981, on lower turnover of £7.61m, compared with £8.44m.

Exchange debits took £2,612 (£34,399). After tax of £260,034 (£330,265) the net surplus decreased from £238,189 to £211,442. Stated earnings per 25p share slipped by 0.5p to 3.7p but the interim dividend is unchanged at 2p net—last year's total payout was 6p on pre-tax profits of £1.58m.

The spring 1982 new look "Match Set" had excellent support from all the company's buyers, while in Holland the company is encouraged by the results so far achieved, despite the continuing unfavourable economic climate.

JB Holdings £0.7m rise

PRE-TAX profits of J.B. Holdings, construction and mechanical engineer, advanced from £1m to £1.67m in the first half of 1981 on turnover of £19.39m, compared with £20.91m.

The directors say that the group responded to the difficult trading conditions and uncertain economic outlook for 1981, foreshadowed at the AGM, by continuing to put considerable emphasis on seeking out profitable areas for expansion of existing activities, while retaining a tight control on costs and overheads.

While they anticipate a significant improvement in profits for the full year, the second half "may well not show the same rate of increase over the corresponding period of 1980 as that achieved in the first six months."

With stated earnings per share for the half year coming through higher at 7.52p (4.32p) the net interim dividend is being stepped up from 1.5p to 2p per 10p share—for 1980 a total of 3p was paid from taxable profits of £2.72m.

The pre-tax figure included a share of associates' profits of £512,000 (£191,000) but was subject to tax of £869,000 (£522,000).

During the first half the engineering division suffered from the flatness of home market demand which affected sales and profitability but export prospects give grounds for some cautious optimism.

The civil engineering and road maintenance sector continued to expand both in terms of turnover and profitability and efforts are being made to maintain this trend by active marketing and tendering. The civil engineering supplies division increased profits with a useful contribution from the manufacture of G.R.P. Pipes at home and through an overseas associate.

The group's liquidity "remains good."

Floyd Oil out of red

For the year to June 30 1981, Floyd Oil Participations, the London-based company with oil and gas interests onshore in the UK, the U.S. and Canada, moved out of the red returning pre-tax profits of £857,139, compared with a loss of £88,417.

Turnover (share of production income) was £48,404 and the group operating loss was reduced from £99,114 to £20,180, after writing back a provision of £77,009.

Other income amounted to £678,229 (£39,450) which comprised fees arising from the company's involvement in the oil and gas industry of £311,000, exchange gains of £224,000 and interest received £143,000.

On the debit side interest payable took £910 (£8,753) and tax £67,659, against £26,100.

After extraordinary debits of £119,018 (£71,351)—expenses of share issues—the attributable balance emerged at £470,462 (£165,868 loss). No dividend is recommended.

Mr J. E. K. Floyd, the chairman, says in view of the relative size of the group's interests in the UK, compared with North America, the biggest potential for establishing levels of income which could transform its prospects lie in this country.

Largely as a result of the rights issue in May the group now has some £3.3m in cash which is sufficient to continue with the planned programme for the coming year.

The group's shares are quoted on the Unlisted Securities Market.

Scottish Metropolitan expansion

Following a rise from £1.58m to 2.04m at midway, pre-tax profits of Scottish Metropolitan Property, investment property concern, advanced to £4.43m for the year ended August 15, 1981, compared with a previous £3.27m.

And against an adjusted 2.71p total last time, the dividend is increased to 3.25p net per 20p share with a final of 2p. Also proposed is a one-for-eight scrip issue, and directors expect to recommend at least the same rate of dividend for the current year on the increased capital.

Pre-tax figure was struck after interest of £1.13m (£1.7m) and expenses, £433,973 (£339,368), and subject to tax of £1.78m, compared with £1.56m.

A revaluation of the group's investment properties, as at August 15, revealed a £24.76m surplus.

Interim raised at Insurance Corp. (Ireland)

An increased interim dividend has been declared by the Insurance Corporation of Ireland after boosting pre-tax profits to Ir£3.99m in the half-year to June 30, compared with Ir£3.12m.

Stated earnings per 25p share are 44.45p (32.93p) and the interim is 3.744p net (2.88p). Last year's total payout was 10.88p on taxable earnings of £6.9m. For 1981 as a whole the board says it has every expectation of achieving its targets.

Premium income was £25.4m (£19.5m) and investment income £4.3m (£3.47m), but underwriting suffered a £114,000 loss (£201,000 surplus). The allocation to the staff pension fund was £705,000 (£548,000).

After tax of £1.5m (£1.28m) the net profits were £2.49m, against £1.84m.

EMC better placed

Mr P. E. Tooke, the chairman of Electronic Machine Company, tells members in his annual statement that the current year has started reasonably well and together with the conservation of cash resources the group is better placed to maintain, or hopefully increase its present level of profitability.

He says the group is seeking increased growth and the strengthening of its trading base and he hopes that by the end of 1981 there will be some improvement in the external conditions which affect its business so that he will be able to report further progress next year.

The chairman says the action against Mr Welling to recover the tax liability paid in 1979, as a result of his period of management up to 1974, is still being pursued and the company is continuing to take legal advice concerning this matter.

Again, no recovery has been assumed in the accounts and the costs incurred to date have been written off in arriving at the results for the year to April 30 1981, which were reported on September 24.

The accounts show shareholders' funds at £770,387 (£611,713), fixed assets at £611,737 (£506,809) and net current assets at £193,423 (£159,262). Meeting, Great Eastern Hotel, EC, October 21, at noon.

JOVE INVST

Net income at Jove Investment Trust was down from £288,269 to £267,633 in the half-year to August 31, 1981, after tax of £142,166, compared with £160,215.

Earnings per 10p income share were lower at 1.89p (2.04p) and net asset value moved slightly ahead to 51.14p (51.08p). Net asset value per capital share was 6.07p (0.46p).

The interim dividend is unchanged at 2p—last year's total was 4.3p.

SELECTV READY

Mr Mark Shelmerdine, chairman of SelecTV, told the annual meeting: "Everything is set to commence transmissions on October 29. The first programme guide has been printed and contains a very strong line-up of feature films."

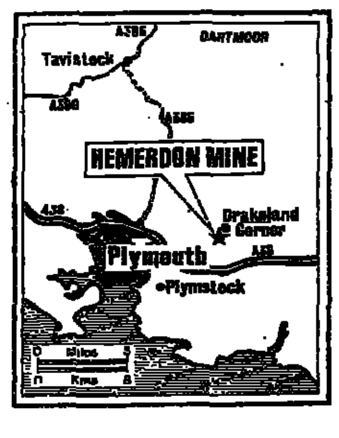
LEX LOAN STOCK

Lex Service Group has bought for cancellation £742,745 of its outstanding £2,753,340 8¼ per cent unsecured loan stock 1992-97

Hemerdon to seek Devon permission for mining

BY KENNETH MARSTON, MINING EDITOR

THE STAGE has now been reached at the Hemerdon tungsten and tin project near Plymouth in Devon whereby the joint venture partners, America's Amax and the Bermuda-registered Hemerdon Mining and Smelting, are to seek planning permission for the development of a full-scale open-pit mine and mill complex. The application is to be submitted to Devon County Council by October 16.



Because of metallurgical problems only low and uneconomic metal recoveries were obtained when the mine was worked during the last war, but these were over-ridden by strategic considerations: Hemerdon provided the only UK source of the steel hardening tungsten metal.

However, Mr Roger Craddock, the present mine manager says that after having processed some 10,000 tonnes of material in pilot plant testing the desired metal recoveries of over 60 per cent have been achieved.

Mr Carl Schwarzwalder, chairman of Hemerdon Mining and Smelting, says that the operation is capable of making a profit at the current prices of $144 per metric tonne unit for tungsten and £8,200 per tonne for tin (the tin provides only about 10 per cent of revenue) but he is clearly looking to better prices in the longer term.

A decision to take the £44m project to production will, of course, await the result of the planning application. Efforts have been made to meet the inevitable environmental objections and a strong point in the venture's favour is that it is expected to provide some 350 permanent jobs and generate as many more in an area suffering from a 15 per cent unemployment rate.

Another factor is that the admittedly low grade deposit holds some 45m tonnes of ore grading 0.17 per cent tungsten and 0.025 per cent tin—with the potential for further discoveries—and is reckoned to be capable of supplying all the UK needs of tungsten (currently imported) for about 20 years and still leave some for export. The value of this to the UK balance of payments is put at around £22m a year.

The mine could reach production within five years of a go-ahead decision. At full capacity it could produce 2,200 tonnes of tungsten and 450 tonnes of tin a year. Mr Scharzwalder said that the financing would probably be done via bank loans: he did not envisage any call being made upon Hemerdon shareholders.

Clearly, there can be no hope of dividends until production begins and, of course, much will depend on the level of tungsten prices and working costs then. So shareholders face a long haul to any return on their money.

In the usual wave of enthusiasm which greets a new mining project the 10-cent shares of Hemerdon Mining and Smelting reached 160p in the first London dealings in April last year. They began 1981 at 85p and are currently down to a much more reasonable 47p — a market capitalisation of only £2.6m—for a venture which awaits the go-ahead.

FTC allows Gold Fields to raise holding in Newmont

LONDON'S Consolidated Gold Fields mining and industrial group is being allowed by the U.S. Federal Trade Commission to proceed with its plans to increase its shareholding in the $1.4bn (£757m) Newmont Mining natural resource group to a maximum of 49.99 per cent.

Using part of the proceeds of the £181m rights issue made in November last year for new acquisitions, Gold Fields acquired a stake of about 7 per cent of Newmont in April of this year as a result of share-market purchases.

These were made at an average price of $58 per share and their total cost was about £44m. Gold Fields stated at the time that it intended to raise this holding to a minimum of 25 per cent but less than a maximum of 50 per cent of the U.S. company.

A month later Gold Fields had increased the holding in Newmont to 8.1 per cent but FTC clearance was required to go further. Subsequently, a reported half-ton of statutory information was filed by the London group.

It is now announced that the staff of the FTC has advised Gold Fields that it does not at this time recommend that the commission institute any action with respect to Gold Fields' proposed acquisitions of shares of common stock in Newmont.

However, the FTC staff has added that its investigation of the transaction would continue and it did not foreclose the possibility that it would recommend that the commission challenge the acquisition at some future date.

Recently it had been feared that the U.S. plans of Gold Fields might be thwarted by the company's South African connection. Not only does the group receive important income from South African gold mining interests, but also a stake of just under 30 per cent is held in Gold Fields by the South African Anglo American-De Beers group as a result of last year's share market raid.

Thus it is a case of so far, so good for Gold Fields which has undertaken not to acquire any further shares in Newmont prior to October 15. It remains to be seen, however, what will happen to the Newmont share price now that Gold Fields has been given the go-ahead.

In New York on Tuesday Newmont shares were standing at $58⅜ and following the latest news they rose to $63 in London last night. The possibility also remains of another suitor appearing for the U.S. company which has not welcomed the advances of Gold Fields. Shares of the latter were little changed at 482p yesterday.

WEEKS BEGINS E. CHINA SEA DRILLING

The Bermuda-based Weeks Petroleum is commencing drilling operations in the East China Sea with the drilling of a 4,200 metres well located 45 km from a multi-layered oil and gas discovery made last month. The Chinese discovery well is 8 km from the bounary of the Weeks' group concession.

The concession, Block VII, in which Weeks holds an 8.89 per cent interest, covers an area of 23,000 square miles. Drilling of the Weeks well is expected to take around 80 days after which the objective zones will be tested and evaluated.

L & G closing Australian non-life side

BY ERIC SHORT

Legal and General Group yesterday announced that it was pulling out of the Australian general insurance market. It has already stopped accepting new business and it will not be renewing existing contracts after November 30 1981.

The company has made arrangements with QBE Insurance, a leading Australian group, for it to take over L and G's general insurance portfolio. QBE will be offering L and G's policyholders renewal of their contracts from December 1.

Mr John Neill, group secretary of L and G, said that the company had been making substantial underwriting losses in Australia for some time. Last year, underwriting losses amounted to £2.8m with a premium income of only £8.3m. In the first six months of this year the losses were unchanged at £1.4m.

Mr Neill stated that the company had done everything possible to charge economic rates and eliminate unprofitable business, but it could see no sign of the Australian general insurance market returning to profitability in the next few years.

In the face of continuing losses, the commercial requirements of the group's overall business left no alternative but to discontinue transacting general insurance business in Australia.

L and G has been rationalising its overseas general insurance business in the past few years. Last year, it ceased writing general business in France after incurring continuing losses.

L and G emphasised that it was still transacting long-term life and pensions business in Australia. It had a successful Australian life company that was expanding business. Premium income last year from long-term business totalled £30m and long-term funds reached £240m at the end of the year.

While cutting back its overseas non-life operations, the group is busy expanding its life business overseas. Last month, it moved into the U.S. life market by bidding for the U.S. life company General Employees Life Insurance Company.

The Australian market has been a problem territory for some years, the root of the problem being that there are too many companies looking for business and strict authoritative controls on premium rates. This has resulted in underwriting losses rising steadily until, for many companies, they now exceed investment income. Workers compensation business was particularly hit last year.

Certain rationalisation moves have been made by UK and other foreign companies operating in Australia. Commercial Union last year passed over its general insurance business to National Mutual of Australasia and became an associated company.

Talks between the Prudential and the Phoenix over merging their Australian general insurance business have reached an advanced stage. Eagle Star acquired the Australian business of Pearl Assurance many years ago.

More rationalisation moves could be made as companies reassess the market situation, and a number of companies could follow L and G in getting out of the market.

However, it would appear that other UK insurance groups, while very concerned with their Australian business, have not yet reached any decision as to close or merge.

Barlow minorities seek a capital repayment

A CALL for a capital repayment is being made by a number of minority shareholders of Barlow Holdings following the sale of a 70 per cent stake in its Malaysian plantation to local interests for some £24.7m.

The sale of the plantation interests, which represents about 45 per cent of the group's assets, is being made to Permodalan Nasional Berhad, a Malaysian Government investment body which is taking a 40 per cent interest, and to Perlis Plantations, a Malaysian public company which is taking the other 30 per cent.

The minority shareholders of Barlow—including M and G Investment which has a 6.6 per cent stake—are critical of the price being paid for the plantation interests which, at about M$4,800 per acre, is well below the valuation of other estates in Malaysia.

But with large family and associated interests in the company the deal is certain of being approved. Full details of the sale are expected to be sent out tomorrow.

Barlow has already embarked on a course of property development. The minority shareholders would prefer to see a capital distribution to shareholders rather than further investments in property. Since the sale of the plantations was announced the shares have fallen from 110p to 70p, down 5p on the day.

Barlow yesterday announced a drop in first half 1981 profits, before tax, from £1.91m to £1.51m. This reflected a fall in its plantation profits due to lower commodity prices.

Earlier this year Barlow took a 40 per cent stake in a new property venture with Countryside Properties. The first deal was a supermarket in Essex and a second similar purchase is planned.

The recession has affected the selling price of rubber, say the directors, which is lower than during the first half. The price of cocoa has improved and income from non-Malaysian assets continues to rise.

Pre-tax profits from the Malaysian estates fell from £1.28m to £638,154 due to the fall in commodity prices, a substantial increase in the group's replanting and floods early in the year.

The interim dividend is repeated at 1p and earnings per share are given as 1.44p (1.99p). Last year's total was 4p including a special payment of 1p. The charge for tax was £796,000 (£952,500). There was a debit for minorities of £36,870 (£24,008).

NO PROBE

The proposed merger between Philip Morris Inc. and Rothmans Tobacco is not to be referred to the Monopolies Commission.

● NEWS ANALYSIS: WARREN GOES TO McLEOD RUSSEL

Reaping the Plantation

BY JOHN MOORE

THE speed with which McLeod Russel, the tea producer, has gained control of Warren Plantation Holdings caused a few raised eyebrows in the City yesterday.

Warren, after all, had received a cash approach, at 240p, some 25p higher than McLeod's offer of a week ago, from the Danish-based plantations group, International Plantations and Finance on Tuesday evening which had been accepted by the Warren board.

But by increasing its offer yesterday to top International's by just 0.5p per share, and then acquiring shares representing nearly 4 per cent in the market and receiving irrevocable undertakings to accept its offer, McLeod managed to push its 46 per cent stake over the vital 50 per cent point by a share or two.

The success of the McLeod bid owes much to the attitude of a few important shareholders in Warren who decided to pledge their support to the McLeod cause last week.

S.A. Sipef, the Belgian plantations group, and RIT, the investment trust, accounting for 25.4 per cent of the shares, together with a near five per cent stake coming from Mr Konrad Legg, a former managing director, and other funds gave McLeod its head start in mounting its bid.

McLeod had held a near 5 cent stake in Warren for about three years and its dawn raid last week, when it acquired a 10 per cent stake, put it within striking distance of control.

The relationship between Warren and its major shareholder Sipef deteriorated over the last six months particularly when Warren mounted a rights issue, raising £2.9m, which it intended to use to finance for diversification away from plantations.

The clash between Warren and Sipef came to a head when Warren made its abortive dawn raid on Matthew Clark, the wines and spirits group. Warren failed to get its desired 15 per cent stake but has built up its holding in Matthew Clark to around 9 per cent.

According to McLeod, Sipef has sought its support to mount a bid but this was not given. Instead McLeod, in what it cheerfully admits was an opportunistic plan, suggested that it made the bid giving Sipef the opportunity of remaining an investor in the enlarged group. Sipef accepted.

Warren's pre-tax profits in 1980 were £5.2m, which compares with McLeod's pre-tax profits of £1.1m for its financial year ending March 1981.

Since 1976, Warren has been involved in an extensive diversification programme away from pure plantations activity and into new geographical areas, such as Papua New Guinea, Indonesia and more recently, Australia, and it has been attempting to develop its interests in the surface coatings and packaging side of its activities.

McLeod sees the acquisition as complementing its activities in India, where it produces about 10 per cent of the tea there, and 5 per cent of the overall world tea production.

For its part, Warren is unhappy with McLeod's performance. It has pointed out that in 1977 both groups were primarily tea companies with similar market capitalisations of approximately £7m. "Since then, McLeod's market capitalisation has increased by some 80 per cent compared with an increase of over 200 per cent for Warren. McLeod has yet to demonstrate its success in its own diversification policy."

McLeod's drop forging, packaging and other associated packaging and paper companies made losses in the UK in the last financial year.

"If McLeod's offer succeeds," said Warren last week, it believed "that the major contribution to future growth will stem from Warren interests."

Blantyre Tea rejects

Blantyre Tea Holdings, the UK company which owns tea estates in Malawi, yesterday rejected the £1.3m offer by Eastern Produce (Holdings) as "derisory."

On the London Stock Exchange yesterday Blantyre shares rose by 7p to 77p. This compares with the EP offer of 69p per share. EP shares rose by 1p to 71p.

Blantyre said that the EP offer "does not reflect the true market value of Blantyre" and holders are urged not to sell their shares or accept the EP offer.

The Blantyre directors point out that net assets of Blantyre at September 30 1980 exceeded the EP offer by more than 85 per cent. This was before including the "substantial surplus" which will arise after the revaluation of the company's freehold estates.

The Blantyre board—other than Mr H. K. Fitzgerald who is also chairman of EP—strongly recommend rejection of the offer. The board plan to send a circular to shareholders giving full details of their rejection.

EP already has a 25.6 per cent holding in Blantyre and through purchases in the market last Friday—the day the bid was announced—raised its stake to 34.4 per cent.

Grand Met borrowings

Grand Metropolitan yesterday published its formal offer document for its acquisition of Intercontinental Hotels from Pan American. Grand Met will retain the hotel chain's access to Pan Am communications, computer and reservations systems until the end of 1986 on an annual fee basis.

The document shows that Grand Met at August 23 had total borrowings of £677.5m to which it is adding net borrowings of £247.1m to finance the acquisition. Intercontinental itself will add to the group its own debt of £54.3m as at August 31.

Ward White in discussions with Hiltons

Ward White, the shoe manufacturer, has put a full takeover bid before the board of Hiltons Footwear, the shoe retailer which last week recommended to its shareholders a merger with George Oliver (Footwear).

Ward's advisers, Morgan Grenfell, said last night a meeting had been held with County Bank, Hiltons' advisers, to present the bid proposal and to discuss the commercial implications of a successful takeover.

Hiltons' board, which has already received undertakings from 40.83 per cent of its shareholders to accept the merger with George Oliver, indicated that it would need time to consider its response to the Ward proposal.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Altifund, Anglo American Investment Trust, Bronx Engineering, Bruntons (Musselburgh), Comfort Hotels, Farnell Electronics, James Finlay, First Castle Electronics, Grampian Holdings, Green's Economiser, Hewden-Stuart Plant, Minet, Nesco Investments, Ruberoid, John E. Small and Tidmas.

Finals—British Empire Securities and General Trust, City of Aberdeen Land, Hunt and Moscrop (Middleton), Jentique, Photo-Me International, Sanderson Murray and Elder.

FUTURE DATES

Interims:—	
Associated Biscuit Mfrs.	Oct. 13
Forward Technology Inds.	Oct. 16
Francis Industries	Oct. 21
Hawker Siddeley	Oct. 21
Steel Brothers	Oct. 14
Time Products	Oct. 23
Finals:—	
Burgess Products	Oct. 29
Cradley Printing	Oct. 13
Ductile Steels	Oct. 20
Lister	Oct. 9
London and Montrose Inv. Tst.	Oct. 13
London and Strathclyde Trust	Oct. 13
Pochin's	Oct. 14

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	2	34	—	—	—	—	$445.50
GOLD C	$450	61	21	45	42	—	—	"
GOLD C	$475	3	12	—	—	—	—	"
GOLD C	$500	166	5	2	19 A	—	—	"
GOLD C	$525	9	5	—	—	—	—	"
GOLD P	$400	11	4	—	—	—	—	"
GOLD P	$450	10	18 B	—	—	—	—	"
GOLD P	$500	2	56	—	—	—	—	"
		Oct.		Jan.		April		
ABN C	F.280	2	8	—	—	—	—	F.285
ABN C	F.300	6	0.50	—	—	—	—	"
AKZO C	F.20	33	1.70	—	—	—	—	F.21.40
AKZO C	F.22.50	—	—	—	—	28	2.20	"
AKZO C	F.25	—	—	60	1	12	1.70	"
AKZO P	F.22.50	—	—	10	1.80	—	—	"
AMRO C	F.55	—	—	13	2.20	—	—	F.53
HEIN C	F.55	—	—	3	1.30	—	—	F.47.40
HOOG C	F15	10	0.50	100	1.60	4	2.50	F.15.40
HOOG C	F.17.50	—	—	10	0.80	—	—	"
HOOG C	F.20	—	—	10	0.40	—	—	"
HOOG P	F.17.50	—	—	3	2.50	—	—	"
IBM C	$60	6	4¾	—	—	—	—	$59¾
KLM C	F.80	9	10.50	10	15.50	—	—	F.88.50
KLM C	F.90	50	2.60	—	—	20	14	"
KLM C	F.100	47	0.60	35	6.10	—	—	"
KLM C	F.110	5	0.20	36	4.10	—	—	"
KLM C	F.120	—	—	23	2.70	—	—	"
KLM P	F.80	—	—	7	3.20	—	—	"
KLM P	F.90	12	3.40B	13	7.30	—	—	"
KLM C	F.100	28	12B	85	13.50	—	—	"
NEDL C	F.140	—	—	4	10	—	—	F.139.30
NEDL P	F.140	6	3.50	—	—	—	—	"
NEDL P	F.150	5	11.10	—	—	—	—	"
NATN C	F.110	15	4.60	—	—	—	—	F.113.30
NATN C	F.115	—	—	15	3.40	—	—	"
PHIL C	F17.50	3	1.80	—	—	—	—	F.19.20
PHIL C	F.20	35	0.20	18	1.70	66	2.50	"
PHIL C	F.22.50	—	—	20	0.80	4	1.40	"
PHIL C	F.25	—	—	5	0.40	22	0.80	"
PHIL C	F.27.50	—	—	20	0.20 A	—	—	"
PHIL P	F.20	20	1	51	1.70	50	1.80	"
PHIL P	F.22.50	—	—	4	3.50 B	—	—	"
RD C	F.70	—	—	15	12.50	—	—	F.77.80
RD C	F.80	284	1.30	59	6	7	6 B	"
RD C	F.90	20	0.10	40	2.50	9	4	"
RD C	F.100	—	—	49	0.90	21	2.30	"
RD P	F.70	—	—	194	1.50	—	—	"
RD P	F.80	189	3.40	37	4.80	126	6.50	"
UNIL C	F.130	—	—	—	—	5	16	F.140
UNIL C	F.140	4	1.50	—	—	16	13	"
UNIL C	F.150	—	—	4	4.20	5	7.50	"
UNIL C	F.170	—	—	—	—	40	2.50	"
UNIL P	F.130	—	—	18	8.40	—	—	"
		Nov.		Feb.		May		
MANN C	DM.150	8	6.50	—	—	—	—	DM.148.70
SIEM C	DM.240	10	0.90	—	—	—	—	DM.227

TOTAL VOLUME IN CONTRACTS 2475

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Oct. 7. Total Contracts 2,062. Calls 1,445. Puts 617

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	240	66	—	76	1	84	—	302p
BP (c)	260	46	10	60	22	68	—	"
BP (c)	280	26	55	44	63	50	—	"
BP (c)	300	11	292	30	125	40	4	"
BP (c)	320	3	21	20	18	—	—	"
BP (c)	360	—	—	—	—	18	1	"
BP (p)	260	3	—	8	16	9	—	"
BP (p)	280	6	8	12	—	18	—	"
BP (p)	300	13	25	20	—	30	50	"
BP (p)	320	24	10	28	3	—	—	"
BP (p)	350	50	—	54	25	—	—	"
BP (p)	360	—	—	—	—	76	50	"
CU (c)	160	1½	—	6½	1	14	—	144p
CU (c)	180	¾	—	4	6	6	—	"
Cons. Gld (c)	460	30	7	50	10	67	4	486p
Cons. Gld (c)	500	7	9	32	3	42	2	"
Cons. Gld (c)	550	1	—	13	2	20	4	"
Cons. Gld (p)	460	11	—	27	—	27	3	"
Court'lds (c)	60	1	5	4	—	6½	1	54p
Court'lds (c)	80	¼	—	1½	1	—	—	
GEC (c)	650	32	—	90	7	110	—	682p
GEC (c)	700	20	1	57	—	80	2	"
GEC (c)	750	4	—	35	5	57	2	"
GEC (c)	800	1	—	17	—	37	10	"
Gr'd Met. (c)	200	1	—	7	—	12	2	170p
Gr'd Met. (p)	160	5	—	8	10	15	—	"
Gr'd Met. (p)	200	32	—	33	—	35	2	"
ICI (c)	240	27	1	38	1	48	—	264p
ICI (c)	260	11	35	26	11	36	—	"
ICI (c)	280	4	3	15	3	25	3	"
ICI (c)	300	1	—	11	3	15	1	"
ICI (p)	260	9	29	16	4	20	25	"
ICI (p)	280	22	5	24	—	25	—	"
ICI (p)	300	42	10	44	—	46	—	"
Land Sec. (c)	288	11	15	24	2	—	—	292p
Land Sec. (c)	312	4	15	12	2	—	—	
Mks & Sp (c)	110	10	30	16	—	20	—	117p
Mks & Sp (c)	120	3	—	9	—	14	1	"
Mks & Sp (c)	140	¼	6	2½	—	5	4	"
Shell (c)	330	28	16	42	2	54	—	354p
Shell (c)	360	8	35	24	67	36	—	"
Shell (c)	390	1½	45	14	31	22	6	"
Shell (p)	330	7	1	10	—	14	—	"
Shell (p)	360	14	—	30	24	22	—	"
		November		February		May		
Barclays (c)	420	12	—	30	10	40	—	408p
Lasmo (c)	390	122	—	137	1	150	—	504p
Lasmo (c)	420	92	20	112	3	125	—	"
Lasmo (c)	460	52	21	84	3	97	—	"
Lasmo (c)	500	30	15	60	4	77	—	"
Lasmo (c)	550	12	5	32	57	52	5	"
Lasmo (c)	600	7	—	20	15	27	—	"
Lonrho (c)	70	11	8	14	2	16	2	77p
Lonrho (c)	80	5	—	8	10	10	11	"
Lonrho (c)	90	1½	—	4	16	6	—	"
Lonrho (p)	70	2½	—	5	4	7	—	"
Lonrho (p)	80	7	—	9	21	10	4	"
P & O (c)	110	3	20	8	30	10½	2	109p
Racal (c)	420	22	50	37	34	50	—	413p
Racal (c)	460	4	9	20	—	32	1	"
Racal (p)	330	5	3	10	18	—	—	"
Racal (p)	360	8	—	18	106	25	—	"
Racal (p)	390	17	85	25	36	35	—	"
Racal (c)	420	22	20	37	3	45	—	"
Racal (p)	460	50	—	52	—	65	1	"
Rrcal (p)	500	90	—	92	—	95	1	"
RTZ (c)	460	40	33	62	1	78	—	477p
RTZ (c)	500	20	3	40	1	60	—	"
RTZ (c)	550	15	—	36	1	35	15	"
RTZ (p)	480	22	10	50	8	32	—	"
RTZ (p)	500	44	4	54	—	59	—	"
Vaal Rfs. (c)	60	15½	4	17	—	19	—	$71 "

C=Call P=Put

CURRENCIES, MONEY and GOLD

Dollar weak

The dollar lost ground in currency markets yesterday, reflecting a continued easier trend in U.S. interest rates. Uncertainty in the Middle East following the death of President Sadat did not push the dollar firmer.

Sterling was slightly firmer overall. It rose against the dollar but lost ground against European currencies. However the pound started to improve sharply in New York after the close of business in London.

The French franc was again the most improved currency within the European Monetary System yesterday. However the Danish krone continued to strengthen, maintaining its second place position. At the other end the Dutch guilder was the weakest currency and the D-mark was second weakest although it started to show a slight improvement.

DOLLAR — trade weighted index (Bank of England) fell from 108.3 to 107.4. Against the D-mark it fell to DM 2.2190 from DM 2.2550 and SwFr 1.8775 from SwFr 1.9050. It was also lower against the Japanese yen at Y228.25 from Y230.40 and the French franc to FFr 5.5625 from FFr 5.6350. Eurodollar rates continued to ease with the three-month rate at 16¼ per cent from 16½ per cent and six-month at 16⅛ per cent against 16⅜ per cent.

STERLING—trade weighted index (Bank of England) rose to 88.4 from 88.2, having stood at 88.4 at noon and 88.6 in the morning. Sterling tended to strengthen against the dollar during the day and finished at $1.8660-1.8700, a rise of 2 cents from Tuesday's close in London. It continued to improve in New York, being quoted at $1.8830. Against the D-mark it finished at DM 4.1475 compared with DM 4.17 and FFr 10.39 from FFr 10.4050. Against the Swiss franc it finished at SwFr 3.5100 from SwFr 3.5200.

D-MARK—No longer strongest member of the European Monetary System following Sunday's realignment. However the 5.5 per cent revaluation of the German currency has only reinforced market sentiment that the D-mark has been undervalued against its EMS partners for some time. After initial fluctuation, the D-mark is expected to improve from its current position near the bottom of the system while there may also be room for the Bundesbank to ease domestic credit policy—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar slipped to DM 2.2165 from DM 2.2470. Initial reactions to the death of President Sadat were soon superceded by a lower trend in Euro-dollar interest rates. Trading was a little confused ahead of tomorrow's meeting of the Bundesbank central council. There was some speculation that credit policies may be eased although the majority opinion seemed to point towards no change in key lending rates.

Sterling fell to DM 4.1300 from DM 4.1550 while the Swiss franc improved to DM 1.1808 from DM 1.1785. Within the EMS the French franc slipped to DM 39.88 per FFr 100 from DM 39.885 and the Belgian franc was lower at DM 5.9620 per BFr 100 from DM 5.9580.

BELGIAN FRANC—Benefiting from the latest currency realignment within the EMS and now comfortably within its divergence limit — The Belgian central bank spent around BFr 11bn last week defending the Belgian franc. Further intervention is not anticipated this week, following the EMS realignment. The D-mark was fixed at BFr 16.7625 in Brussels yesterday compared with BFr 16.7375 on Tuesday while the French franc slipped to BFr 6.6757½ from BFr 6.68. Outside the EMS the dollar fell to BFr 37.1375 from BFr 37.5225 and sterling was lower at BFr 69.26 from BFr 69.57.

THE DOLLAR SPOT AND FORWARD

Oct 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8520-1.8720	1.8680-1.8700	0.17-0.07c pm	0.77	.07cpm-.03ds	0.04
Ireland†	1.5950-1.6080	1.5950-1.6000	0.83-0.73c pm	5.84	1.50-1.30cpm	3.49
Canada	1.1970-1.1985	1.1982-1.1985	0.40-0.43c dis	−4.16	0.83-0.87ds	−2.85
Nethlnd	2.4425-2.4600	2.4550-2.4600	0.53-0.43c pm	2.35	2.35-2.25pm	3.75
Belgium	37.12-37.46	37.14-37.16	40-55c dis	−15.35	55-70 dis	−6.73
Denmark	7.1200-7.1375	1.1200-7.1300	1.60-1.85ore dis	−2.90	1.90-2.40ds	−2.21
W Ger.	2.2090-2.2520	2.2185-2.2195	0.70-0.65pf pm	3.65	2.56-2.50 pm	4.56
Portugal	63.60-64.00	63.80-63.90	45-275c dis	−30.12	80-400dis	−15.06
Spain	94.05-94.55	74.10-94.20	par-10c dis	−0.64	15-35 dis	−1.06
Italy	1180½-1183¼	1181¼-1182¼	8-9lire dis	−7.11	20-24dis	−7.45
Norway	5.7900-5.8185	5.8010-5.8060	0.90-0.40ore pm	1.34	3.25-2.75pm	2.07
France	5.5450-5.6400	5.5600-5.5650	4-5c dis	−9.71	7¼-8½ dis	−5.66
Sweden	5.4680-5.4880	5.4680-5.4700	1.00-0.85ore pm	2.03	4.65-4.50pm	3.35
Japan	228.00-230.00	228.20-228.30	1.65-1.50y pm	8.28	5.00-4.85 pm	8.63
Austria	15.50-15.56	15.51½-15.52½	5-3½gro pm	3.28	13½-8½ pm	3.03
Switz.	1.8720-1.8950	1.8770-1.8780	0.84-0.74c pm	5.05	2.66-2.56pm	5.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8520-1.8720	1.8680-1.8700	0.17-0.07c pm	0.77	.07pm-.03dis	0.04
Canada	2.2170-2.2420	2.2390-2.2410	0.52-0.62c dis	−3.05	1.48-1.68ds	−2.82
Nethlnd.	4.54-4.60	4.58-4.59	1¼-¼c pm	2.62	4¼-3¼ pm	3.49
Belgium	68.80-70.00	69.35-69.50	90-105c dis	−16.85	130-150dis	−8.07
Denmark	13.24-13.35	13.32-13.34	1-2½ore dis	−1.57	2⅞-4⅞dis	−1.12
Ireland	1.1550-1.1750	1.1710-1.1730	0.44-0.56p dis	−5.12	0.92-1.10ds	−3.45
W. Ger.	4.11-4.18	4.14½-4.15½	1⅞-1⅜pf pm	4.70	5⅛-4⅝ pm	4.70
Portugal	117.75-119.25	118.80-119.20	115-505c dis	−31.26	145-745dis	−14.96
Spain	176.25-177.30	176.15-176.45	15c pm-15 dis	—	10-55dis	−0.74
Italy	2193-2212	2206-2208	7½-10½lire dis	−4.89	40½-45½dis	−7.79
Norway	10.75-10.88	10.85½-10.87½	2¾-1¾ore pm	2.42	7½-6 pm	2.46
France	10.31-10.45	10.38½-10.39½	3¾-4¾c dis	−4.91	9¼-11¼dis	−3.95
Sweden	10.15-10.28	10.23½-10.25½	2¾-2¼ore pm	3.07	9¼-8¼ pm	3.42
Japan	422-430	426-427	3.40-3.10y pm	9.14	9.50-9.15 pm	8.74
Austria	28.80-29.30	29.02-29.07	13-8gro pm	4.34	29½-20 pm	3.41
Switz.	3.47½-3.52½	3.50½-3.51½	1¾-1¼c pm	5.13	4⅞-4⅛ pm	5.27

Belgian rate is for convertible francs. Financial franc 76.25-76.35. Six-month forward dollar 0.15-0.25c dis. 12-month 0.45-0.85c dis.

CURRENCY MOVEMENTS

Oct. 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.4	−35.1
U.S. dollar	107.4	+1.6
Canadian dollar	87.6	−17.0
Austrian schilling	119.0	+25.8
Belgian franc	107.4	+10.1
Danish kroner	89.6	−8.7
Deutsche mark	123.8	+44.6
Swiss franc	147.2	+94.6
Guilder	114.5	+19.4
French franc	82.6	−15.0
Lira	56.4	−57.1
Yen	138.5	+33.5

October 5 Morgan Guaranty Guilder +19.2; French franc −13.0.
Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.625739	0.589580
U.S. $	14	1.16012	1.08954
Canadian $	19.60	1.39238	1.30581
Austria Sch.	6¾	18.1188	16.9969
Belgian F.	13	43.5306	40.8307
Danish K.	11	8.30356	7.84200
D mark	7½	2.60679	2.43840
Guilder	9	2.87420	2.69586
French Fr.	9½	6.51697	6.10962
Lira	19	1379.38	1295.47
Yen	6¼	264.971	250.268
Norwgn. Kr.	9	6.73740	6.35967
Spanish Pts.	8	110.274	103.474
Swedish Kr.	12	6.35398	5.99522
Swiss Fr.	6	2.21235	2.07286
Greek Dr'ch.	20½	—	61.0853

OTHER CURRENCIES

Oct. 7	£	$		£ Note Rates
Argentina Peso	10,942-10,962†	5877-5897†	Austria	28.95-29.25
Australia Dollar	1.6140-1.6180	0.8670-0.8675	Belgium	74.45-76.25
Brazil Cruzeiro	201.12-202.12	108.10-108.64	Denmark	13.22-13.37
Finland Markka	8.137-8.165	4.3710-4.3730	France	10.29-10.49
Greek Drachma	102.290-105.422	55.75-55.95	Germany	4.11-4.16
Hong Kong Dollar	11.12¼-11.14¼	5.98-6.01	Italy	2170-2240
Iran Rial	147.00*	79.40*	Japan	424-429
Kuwait Dinar (KD)	0.520-0.526	0.2815-0.2819	Netherlands	4.54¼-4.59¼
Luxembourg Fr	69.35-69.50	37.14-37.16	Norway	10.75-10.85
Malaysia Dollar	4.2925-4.3025	2.3080-2.3110	Portugal	116-133
New Zealand Dlr.	2.2365-2.2415	1.2005-1.2015	Spain	172¼-184
Saudi Arab. Riyal	6.27-6.33	3.3925-3.4025	Sweden	10.16-10.26
Singapore Dollar	3.9010-3.9110	2.0975-2.1005	Switzerland	3.48-3.52
Sth. African Rand	1.7560-1.7580	0.9450-0.9460	United States	1.85½-1.87½
U.A.E. Dirham	6.78-6.84	3.6700-3.6750	Yugoslavia	78-85½

† Rate given for Argentina is the commercial rate. The financial rate for sterling 14,175-14,195 and for the dollar 7,600-7,650. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.8460	+0.22	+0.11	±1.5368
Danish Krone	7.91117	7.83304	−0.99	−1.10	±1.6412
German D-Mark	2.40989	2.43432	+1.04	+0.93	±1.1077
French Franc	6.17443	6.10736	−1.08	−1.19	±1.3733
Dutch Guilder	2.66382	2.69520	+1.18	+1.07	±1.5063
Irish Punt	0.684452	0.686113	+0.24	+0.13	±1.6688
Italian Lira	1300.67	1299.73	−0.07	−0.07	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for October 7 ... 0.590414

EXCHANGE CROSS RATES

Oct. 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.869	4.148	426.5	10.39	3.510	4.585	2207.	2.240	69.43
U.S. Dollar	0.535	1.	2.219	228.2	5.559	1.878	2.453	1181.	1.199	37.15
Deutschemark	0.241	0.451	1.	102.8	2.505	0.846	1.105	532.1	0.540	16.74
Japanese Yen 1,000	2.345	4.382	9.725	1000.	24.36	8.230	10.75	5175.	5.252	162.8
French Franc 10	0.962	1.799	3.993	410.5	10.	3.378	4.413	2124.	2.156	66.82
Swiss Franc	0.285	0.532	1.182	121.5	2.960	1.	1.306	628.8	0.638	19.78
Dutch Guilder	0.218	0.408	0.905	93.02	2.266	0.766	1.	481.4	0.489	15.14
Italian Lira 1,000	0.453	0.847	1.879	193.2	4.708	1.590	2.077	1000.	1.015	31.46
Canadian Dollar	0.446	0.834	1.852	190.4	4.638	1.567	2.047	985.3	1.	30.99
Belgian Franc 100	1.440	2.692	5.974	614.3	14.97	5.056	6.604	3179.	3.227	100

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/8	offer 16 1/4	bid 16 5/16	offer 16 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅜-15⅝	15¼-13½	17-18	12¼-13½	7½-8	11¼-11⅜	20-25	18-21	40-70	4¾-5¼
7 days' notice	15⅝-15⅞	13¾-14	17-18	12¼-12½	7½-8	11¼-11⅜	20-25	18-21	28-40	5⅞-6⅛
Month	16⅛-16⅛	14⅞-15⅛	18⅝-19	12¼-12½	10½-10¼	11¼-11⅜	21¾-22¾	20-22½	31-36	6⅝-6⅞
Three months	16¼-16⅜	16⅛-16⅜	18¾-19⅞	12⅛-12⅜	10½-10⅝	11⅜-11½	20½-21½	22½-24	23-25	7⅜-7⅝
Six months	16⅛-16⅛	16¼-16⅛	18⅝-19	12-12¼	10⅜-10½	11⅜-11½	20-21	24¼-25½	20½-22	7½-7¾
One Year	16⅛-16⅛	16⅛-16⅜	18⅝-19	11⅞-12⅛	9⅞-9⅞	11-11⅛	20-21	23¾-25	18½-20	8-8¼

SDR linked deposits: one-month 13¾-14⅛ per cent; three-months 14⅞-14¹¹⁄₁₆ per cent; six-months 14⅞-14¹¹⁄₁₆ per cent; one-year 14⅜-14¹¹⁄₁₆ per cent.
ECU linked deposits: one-month 15-15⅜ per cent; three-months 15⅜-15⅝ per cent; six-months 15¼-15⅝ per cent; one-year 14¹¹⁄₁₆-15⅜ per cent.
Asian $ (closing rates in Singapore): one-month 15⅜-15⅝ per cent; three-months 16-16⅛ per cent; six-months 16⅜-16⅞ per cent; one-year 16⅛-16⅜ per cent. Long-term Eurodollar two years 16⅛-16⅜ per cent; three years 16⅛-16⅜ per cent; four years 16⅛-16⅜ per cent; five years 16½-16¾ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.80-14.90 per cent; three-months 15.85-15.95 per cent; six-months 16.00-16.10 per cent; one year 15.70-15.80 per cent.

MONEY MARKETS

Downward drift

London clearing banks base lending rates 16 per cent (since October 1)

Short-term interest rates continued to decline in the London money market yesterday, as U.S. rates maintained their recent downward trend and sterling gained further ground against the dollar. In the interbank market overnight money opened at 15½-15¾ per cent, and tended to drift down, despite an upward move to 16 per cent at one time, finishing very soft at 4 per cent. Seven-day funds began at 15¾-16 per cent, but fell to 15¼-15½ per cent at the close, compared with 16-16¼ per cent previously. Three-month money opened at 16⅛-16⅜ per cent and declined to 16⅛-16½ per cent from 16⅝-16⅞ per cent on Tuesday.

Day-to-day credit was in adequate supply yesterday and the authorities did not intervene. In the morning the Bank of England forecast a shortage of around £50m, reflecting a net takeup of Treasury bills −£160m, partly offset by Exchequer transactions +£80m.

In the afternoon the forecast was revised to a flat position, although the sharp fall in call money in late trading suggests that banks are likely to carry forward surplus balances.

Conditions are also expected to be fairly comfortable today, according to market sources, despite the unwinding of Tuesday's repurchase agreements on bills.

Discount houses paid up to 15½ per cent for secured call loans, with closing balances taken at 13 per cent.

In New York the Federal Reserve intervened to drain reserves from the banking system by way of reverse repurchase agreements, when the Federal funds overnight rate was trading at 12½ per cent. Shortly after, Chemical Bank announced a cut to 16 per cent from 16½ per cent in its broker-loan rate.

In Amsterdam call money rose to 12½-12¾ per cent from 12⅛-12⅜ per cent, but period rates were generally easier following the downward trend in U.S. rates and the strong position of the guilder in the European Monetary System. The rise in call money reflected the tighter liquidity position of the money market as a result of corporate tax payments. The current daily deficit is around Fl 4.7bn to Fl 5.8bn, but this may rise above the current central bank quota facility of Fl 6bn later in the week. Against this background there was speculation that the authorities may provide a two-week special advance of around Fl 2bn.

MONEY RATES

NEW YORK

Prime rate	19-19½
Fed. funds	12½-12¾
Treasury bills (13-week)	13.70
Treasury bills (26-week)	13.88
GERMANY	
Special Lombard	12.0
Overnight rate	11.975
One month	12.175
Three months	12.15
Six months	12.10
FRANCE	
Intervention rate	17.75
Overnight rate	18.5
One month	17.625
Three months	17.4375
Six months	16.3125
JAPAN	
Discount rate	6.25
Call (unconditional)	7.3125
Bill discount (three-month)	7.40625

GOLD

Easier trend

Gold fell $5½ an ounce from Tuesday's close in the London bullion market to $443½-445½. The metal opened at $448-449 and was fixed at $445 in the morning and $445.5 in the afternoon. The metal lost ground despite a lower trend in U.S. interest rates and the dollar.

In Paris the 12½ kilo bar was fixed at FFr 88,000 per kilo ($492.41 per ounce) in the afternoon compared with FFr 88,000 ($492.50) in the morning and FFr 88,500 ($490.00) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,750 per kilo ($445.95 per ounce) against DM 31,275 ($437.01) previously and closed at $444-446, against $449-$451.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $444.50 from $435.0.

In Zurich gold finished at $443-446, compared with $452-$455.

	Oct. 7		Oct. 6	
Gold Bullion (fine ounce)				
Close	$443½-445½	(£238¼-239¼)	$448-451	(£243½-244½)
Opening	$448-449	(£241½-242)	$433-437	(£233¾-234¾)
Morning fixing	$445.50	(£239.415)	$434.95	(£234.285)
Afternoon fixing	$445.50	(£239.259)	$443	(£240.369)
Gold Coins				
Krugerrand	$459-460	(£245¾-246¼)	$466-467	(£252¼-253¼)
1/2 Krugerrand	$241-242	(£129-129½)	$240-241	(£130-130¾)
1/4 Krugerrand	$124-125	(£66½-67)	$122¼-123¼	(£66¼-66¾)
1/10 Krugerrand	$51-52	(£27¼-27¾)	$50-51	(£27-27½)
Mapleleaf	$459-460	(£245¾-246¼)	$466-469	(£252¾-254¼)
New Sovereigns	$107½-108½	(£57½-58)	$110-111	(£59½-60¼)
King Sovereigns	$122-124	(£65½-66½)	$120-122	(£64¾-65¾)
Victoria Sovs	$122-124	(£65½-66½)	$120-122	(£64¾-65¾)
French 20s	$134-138	(£71¾-73¾)	$136-140	(£73¾-76)
50 pesos Mexico	$553-556	(£296-297¾)	$559-562	(£303-304¾)
100 Cor. Austria	$432-435	(£231¼-233)	$436-439	(£236½-238)
$20 Eagles	$590-594	(£316-318)	$587-591	(£318¼-320½)

LONDON MONEY RATES

Oct. 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4-16	15½-16¼	—	—	15½-16¼	13-15¼	—	—	—
2 days notice	—	—	16-16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15¼-16⅛	16⅛-16¼	—	18⅞	15⅞-16¼	15¼-15⅜	—	—	—
One month	16⅛-16⅛	16-16⅛	16¼	16⅛-16⅛	16⅛	16⅜-16½	15½-15¾	15¾-16	15¾-16	16½
Two months	16⅛-16⅛	16⅛-16½	—	15⅝-16⅛	16¼	16½-16⅝	15⅝-15¾	15½-15⅞	15⅞-15⅞	16⅜
Three months	16¼-16⅜	16⅛-16⅛	16⅜	16⅝-16⅝	16¼	16½-16¾	15½-15¾	15½	15⅛-15⅞	16¼
Six months	16⅛-15⅞	16½-16⅛	16⅛	15⅝-15¾	15¼	—	—	—	14⅞-14⅞	15⅝
Nine months	15⅞-15⅝	16-16⅛	—	16¼-15⅞	16	—	—	—	—	—
One year	15¾-15½	15¾-16¼	16	15⅝-15¼	16	—	—	—	—	—
Two years	—	—	15¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15¾ per cent; five years 15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅜-15⅝ per cent; four-month trade bills 16¼ per cent.

Approximate selling rate for one-month Treasury bills 15⅜-15⅞ per cent; two-months 15½-15⅝ per cent; three-months 15⅞ per cent. Approximate selling rate for one-month bank bills 15⅞ per cent, two-months 15⅞-15¹¹⁄₁₆ per cent; and three-months 15⅝-15⅞ per cent; one-month trade bills 16¼ per cent; two-months 16⅛ per cent; three-months 16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14½ per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 15.9795 per cent.

COMPANY NOTICES

MINOLTA CAMERA CO., LTD.

U.S.$30,000,000

7½% CONVERTIBLE BONDS 1995

THE FUJI BANK AND TRUST COMPANY as Principal Paying Agent and on behalf of MINOLTA CAMERA CO., LTD., hereby gives notice to the Holders of the above mentioned Bonds that THE TAIYO KOBE BANK, LIMITED of 92 Cheapside, London EC2V 6EA, a Paying Agent for the payment of principal and interest in respect to the Bonds, has changed its specified office with effect from September 14, 1981 to the following address:

P & O Building,
Leadenhall Street,
London EC3V 4RE.

$50,000,000

Société Financière pour les Télécommunications et l'Electronique S.A.

Guaranteed Floating Rates Notes 1984

unconditionally and irrevocably guaranteed as to payment of principal, premium, if any, and interest by

STET

SOCIETA FINANZIARIA TELEFONICA PER AZIONI
a subsidiary of Istituto per la Ricostruzione Industriale ("IRI")

Notice of Redemption

NOTICE IS HEREBY GIVEN in accordance with paragraph 4 (b) of the terms and conditions of the above Notes that all of the Notes will be redeemed by Société Financière pour les Télécommunications et l'Electronique S.A. on 7th December 1981 at 100 per cent (together with interest accrued to the date of redemption).

Hill Samuel & Co. Limited
AGENT
8th October 1981

CAN $500,000,000
HYDRO QUEBEC
9.5% Debentures
Due 15.10.1975/81

To noteholders of Debentures Series CV, Can$50,000,000 please be advised that all debentures for this issue are for redemption on 15th October 1981.

CITY OF VANCOUVER
US$10,000,000 8¼% BONDS 1976 1988

Pursuant to the terms and conditions of the loan, notice is hereby given to Bondholders that during the twelve-month period ending September 29, 1981 no Bonds were purchased for the account of the City.
Outstanding amount: US$8,523,000.
Luxembourg, October 8, 1981.
THE FISCAL AGENT
KREDIETBANK S.A. Luxembourgeoise

PERSONAL

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Floral tributes fade. Your regard for a departed friend lives on if you make a donation on their name to Help the Aged's work—towards a Day Centre for the lonely, medical treatment or research for the old, or help for the housebound. Every £ achieves a great deal for the old. Please let us know the name you wish to commemorate.

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LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF THE L.A.M. COMPANY LIMITED (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a General Meeting of the Members of the above named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Wednesday 11th November 1981 at 10 a.m. to be followed at 10.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an Account of the Liquidator's Acts and Dealings and of the conduct of the Winding-up to date.
Dated this 2nd October 1981
P. GRANVILLE WHITE, Liquidator.

PUBLIC NOTICE

SOUTHEND ON SEA BOROUGH COUNCIL
£900,000 Bills issued 7th October 1981 at a rate of 15¹⁄₁₆% to mature 2nd December 1981. Total applications were £900,000 and these are the only Bills outstanding.

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POLAROID PATENT BATTLE BEGINS

Kodak instant camera in court

Polaroid's future and Kodak's prestige are on the line in Polaroid's patent infringement case against Kodak which began in Boston this week. PAUL BETTS reports

AFTER FIVE years of bitter infighting the curtain rose this week on what promises to be one of the most complex and bitter court battles in the *history of patent litigation.*

The battle involves the two giants of the U.S. photographic industry, Eastman Kodak and *Polaroid. The outcome of the* case is likely to have a significant impact on the U.S. photographic industry but will also *have important implications for* other industries.

Despite attempts to settle the issue out of court, Polaroid is now pressing ahead with 10 patent infringement suits against Kodak concerning Polaroid's invention of the instant picture camera. On Monday, Mr Edwin Land, the 71-year-old founder of Polaroid and the inventor of the instant picture camera, took the stand in the witness box of the Federal Court in Boston for the start of a trial which is already been called "a smutty divorce case" between the two leaders of the U.S. photographic industry which have a long past history of association and co-operation.

The basic issue is Polaroid's complaint that Kodak, a company six times larger which has dominated the amateur photography market, violated a number of Polaroid patents when it introduced its colour instant picture camera to compete against Polaroid's remarkably successful SX 70 Land camera introduced on the market in 1972.

In his opening address to the court, Mr William Kerr, the Polaroid counsel, said that "this is no ordinary patent infringement suit. It strikes at the very heart of Polaroid's business." He also said in the small court room, cluttered with an army of Kodak lawyers, that while the instant camera was vital for Polaroid, it was only a small part of Kodak's business.

In papers filed with the court, Polaroid states that Kodak's entry in 1976 into the instant photography market was dominated by one consideration. This was Kodak's perception of the impact of Polaroid's success in instant photography on Kodak's monopoly position in the conventional colour business.

Polaroid claims that Kodak estimated that the introduction *of the SX 70 Land camera and* system could result in a loss of sales in excess of $6.5bn from 1971 to 1980.

Kodak therefore decided to enter the instant market with its own product. But Polaroid claims that Kodak, having failed to come up with a competitive *system of its own,* was eventually driven to infringe Polaroid's patents.

For its part, Kodak said in *its pre-trial brief that it would* show that "its instant cameras and film were developed by its own efforts, relying upon the experience of its own people, their unique solutions, and the clear teachings of the prior art." Moreover, Mr Francis Carr, one of the counsels representing Kodak, said in court on Monday that Polaroid was complaining that Kodak invaded Polaroid's market. "We didn't know it was a Polaroid market, a Kodak market, or anybody's market," *he said. "Polaroid used is as* a domain which no one can enter or if they entered they did it at considerable risk."

While acknowledging that Polaroid has a deserved reputation for research and that over the years it has made "many fine products and innovations," Kodak also claims that Polaroid has had "a penchant for patenting every slight improvement rather than only true innovations." This, Kodak goes on to say, "has led to a vast inventory of look-alike patents, ponderous in size, bewildering in complexity, but differing only in trivial and predictable respects from each other and from the prior art." Kodak is thus basically saying that Polaroid has used a barrage of patents to protect its monopoly position in the instant camera field and frighten off new entrants into the market.

The outcome of the trial is very much in the balance. In any event, whatever ruling Federal Judge Rya Zobel makes is almost certain to be appealed against.

The stakes are particularly high for Polaroid, as it is still essentially a one product company. Instant cameras and films account for more than two-thirds of the company's revenues—which totalled about $1.5bn last year—and although Polaroid is now seeking to diversify by expanding its professional, as opposed to amateur, market products it risks seeing other companies invading the instant photographic market if it loses the case.

"If Polaroid loses, the instant market would become wide open," said Mrs Brenda Landry, photographic analyst for Morgan Stanley.

Polaroid's wildest dream, *according to Mrs Landry, would* be to see Kodak forced to remove its instant cameras and films from all retailing shelves in the U.S., for although Polaroid still dominates the instant market with between 65 per cent and 70 per cent of the U.S. market last year, Kodak's competition has driven down its profit margins.

Polaroid used to make good margins on instant cameras, especially its higher price models, explained Mrs Landry. Then Kodak came to the market and a pricing and promotional war developed. The result was lower margins for both Kodak and Polaroid. Indeed, Kodak only last year broke even on its instant cameras and films. As for Polaroid, the instant business suffered not only from the lower margins attributable to pricing pressures and higher advertising costs, but also from the soggy U.S. economy and the strong dollar which badly hurt operating profits from Europe. Mrs Landry said Polaroid's European sales accounted for as much as 43 per cent of Polaroid's overall operating profits last year.

But at this stage even if Kodak should lose, no one expects it to be forced to step out of the market. The worst that can happen for Kodak is a substantial financial settlement. "But this will not hurt Kodak very much," says Mrs Landry. Koday unlike Polaroid, is currently performing strongly. Mrs Landry also says that Kodak had cash and marketable securities totalling more than $1.5bn last June.

Also assuming the U.S. economy recovers in the second half of next year and Kodak introduces its long awaited new Instamatic system for the mass market next spring, Wall Street analysts expect Kodak's per share earnings to break the $9 a share mark next year. Last year, Kodak earned $7.15 per share, or $1.15bn, and the company is estimated to earn around $8.15 a share this year. Moreover, instant cameras and films are only a small part of Kodak's business. Mrs Landry estimates that Kodak's instant products accounted for about $500m of the company's total sales of $9.6bn last year.

But victory in the trial is as significant for Kodak as it is for Polaroid. Kodak has traditionally preferred to settle litigation out of court. As with most major and venerable U.S. companies, Kodak clearly dislikes an occasion as public as the current court case in which a lot of dirty laundry is bound o be exposed. Thus, for Kodak, the stakes are principally pinned on the question of image and how the company comes out of what will be a bitter and protracted battle.

At the same time, the trial reflects the deep rift between the two companies which were once associates. In this sense, egos and personalities are at stake as much as economics.

On Monday, when the case opened, Mr Land demonstrated his cameras to the court, taking pictures. He clearly found the courtroom an unsavoury experience. Mr Land, who at annual meetings hst regularly entertained shareholders with some fairly unconventional antics, muttered before taking the stand to a local newsman: "This is no show. It is dead serious." Even though he theoretically broke the law by taking pictures in court, this did little to relieve the very serious, very technical atmosphere of the court room.

Dean Witter is target for takeover

By Paul Betts in New York

DEAN WITTER REYNOLDS, the fourth largest brokerage house on Wall Street, emerged yesterday as the latest target in the recent wave of takeovers of New York investment firms.

Sears Roebuck, the world's largest retailer, and Connecticut General, one of the largest U.S. insurance groups, were both said to be considering takeover bids for Dean Witter.

Although both companies declined to comment on speculation that they were preparing rival bids, Sears for some time has been looking to expand its presence in the financial services industry, while Connecticut General may be considering following the move by Prudential Insurance Company of America by expanding from insurance into more general financial services.

Prudential earlier this year acquired the broking and investment firm Bache Group for $385m. This deal was followed by American Express Company's acquisition of Shearson Loeb Rhoades for more than $800m. Salomon Brothers was subsequently acquired by Phibro, the large commodity trader.

Dean Witter yesterday asked that trading in its securities be suspended until a company board meeting this afternoon.

Increaisng speculation that it was the latest Wall Street takeover target sent Dean Witter's stock up more than 8 points in the past two trading days. The stock last traded at $35.25 before it was suspended.

Australian brewer raises annual profit

By Our Sydney Correspondent

CASTLEMAINE - TOOHEYS, Australia's leading brewing *group, lifted its profits* in the year ended July by 74.4 per cent from A$21.62m (US$ 24.6m) to A$37.72m.

Because the merger of Queensland's Castlemaine Perkins and New South Wales' Tooheys, was completed in *March last year, directors* believe the 23.8 per cent growth from the combined 1980 profit of A$30.47m gives a better guide to the group's performance.

A final dividend of 12 cents a share will be paid, taking annual payout to 22 cents (20 cents previously) on capital expanded by a one-for-eight rights and a one-for-eight scrip issue in March and a 5m share placement.

The dividend is still well covered by earnings which climbed from 32.1 cents to 4.1 cents a share (45.3 cents if measured on a combined result).

Theresult betters that of its major rival, Carlton and United Breweries of Melbourne, which last week announced a profit of A$31.7m or about 230 cents a share.

Profit was before a A$3.4m extraordinary gai (A$549,000 previous) which included a A$500,000 post-tax profit from the sale of Tooth and Co. Shares bought in an earlier move to defend the Sydney brewer from Adelaide Steamship.

Tax took A$30.29m (A$ 26.33m previous), interest A$2.62m (A$2.65m) and depreciation A$10.8m (A$ *6.82m).*

Turnover grew only 4.6 per cent from A$644.3m to A$674.1m on a comparison between latest and last year's combined sales.

Alsthom seeks stake in Marine Industrie

By Robert Gibbens in Montreal

ALSTHOM ATLANTIQUE, a subsidiary of France's *Compagnie Generale d'Electricite,* said it is negotiating to buy a stake in Marine Industrie, which is controlled by the *Quebec Government.*

Marine Industrie, based in Sorel, near Montreal, is a major producer of heavy electrical generator equipment and rail freight wagons and is considering reviving its shipbuilding activities. The company already has technical links with Alsthom.

● Siemens of West Germany plans to buy C$10m (U.S.$8.3m) of teletext technology and equipment from Norpak of Ottawa, a joint-venture of Noranda Mines, Southam and Torstar. The latter two are newspaper publishers.

Norpak makes the Canadian Telidon teletext equipment developed by an *agency of* the Federal Government and markets the system through Southam.

Earlier this year AT and T, the U.S. telecommunications, chose to develop a system similar to Telidon rather than *the Prestel system of the UK.*

Cautious optimism on U.S. interest rates lifts Eurobond price

BY ALAN FRIEDMAN

A $150M 10-year Eurodollar bond for Hydro-Quebec, the Canadian utility, was launched yesterday by S. G. Warburg. The issue carries a coupon of 17¼ per cent and the price has been fixed at par. The bonds are not to be callable for the life of the issue.

Yesterday's Hydro-Quebec issue was originally planned as a $100m offering and was increased late in the afternoon in a strong market. Prices of several fixed-interest Eurodollar bonds increased by up to a point yesterday and strong investor interest was reported by traders.

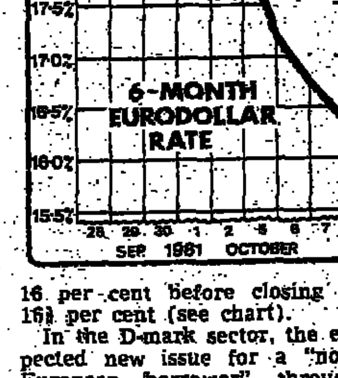
The much-rumoured $40m seven-year bond offer for Simpson-Sears Acceptance Company, the subsidiary of Canada's Simpson-Sears retailing group, finally appeared yesterday with a 17½ per cent coupon for the single A-rated borrower. The issue was deferred from Tuesday when President Sadat's death sent foreign exchange markets into turmoil.

The proceeds of the Simpson-Sears issue, lead-managed by Wood Grundy, will be swapped into Canadian dollars. Although this effectively raises the interest cost to the borrower, it is still cheaper than rasiing Canadian currency on the domestic market. The price was fixed yesterday at par.

In addition to these two new issues, Monday's $100m five-year 16¾ per cent offer for Citicorp was yesterday increased to $150m because of strong demand.

The Eurodollar, D-mark and *Swiss franc foreign bond markets* all moved ahead yesterday as traders began to express cautious optimism about *U.S. interest rates. In the U.S.* Federal Reserve funds were down almost one point to12¾ per cent early yesterday and this was *the level at which the New York* Fed stepped in to drain reserves.

Eurocurrency six-month rates were declining yesterday and the Eurodollar rate fell below



16 per cent before closing at 16⅛ per cent (see chart).

In the D-mark sector, the expected new issue for a "non-European borrower" through Commerzbank failed to materialise. It was understood that the borrower was hoping to pay a slightly lower coupon than would have been possible in yesterday's market.

Prices of D-mark foreign bonds rose by as much as ½ point yesterday while in the Swiss franc foreign bond market the average rise was ¼ point.

Swiss domestic issues brighter

Subscriptions close today for the issue by the Cantonal Bank of *Zurich* of SwFr 100m of 6¼ per cent bonds. The funding is over nine years and is priced at par. The primary market for Swiss domestic bonds has brightened over the past couple of days. The next major new issue will be a SwFr 100m offer from Credit Suisse.

Natural resources boost GE earnings

By Our Financial Staff

GENERAL ELECTRIC Company, *the U.S. electrical goods,* nuclear power, aerospace and energy group, boosted earnings by $47m to $405m in its third quarter despite a downturn in its consumer products operations.

The company said consumer operations were hurt by higher interest rates, the weakness in the housing industry and pricing pressures. Earnings at its industrial products and components operations were also lower in the quarter because of increased product development spending, although sales were higher.

Sales for the quarter were up from $5.96bn to $6.84bn—trailing the 13 per cent profit gain by almost two points—taking the total for the nine months to September 30 to $19.7m from $18bn last time.

Earnings for the nine *months* were ahead by $100m to $1.2bn, and at the per share level were $5.27 against $4.85 after a contribution up *from* $1.53 to $1.78 in the latest quarter.

Improvement in earnings was registered at its natural resources group, centred on Utah International, the coal mining and minerals company, showing a 52 per cent gain in earnings.

The earnings and revenues of its technical systems and materials units — including aero-engines and aerospace and defence electronics—were also sharply ahead of the 1980 quarter while foreign multi-industry profits were up.

The credit subsidiary, which finances much of the consumer purchases of GE electrical products, was hurt by higher interest rates and saw earnings dip by $2m to $31m in the quarter. For the nine months net profits were $7m higher at $93m, however.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday October 15. Closing prices on October 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
CIBC 15¾ 88	75	95¾	96¼	+0¼	+1½	16.50
CIBC 16¾ 91	100	98¼	98¾	+0½	+0¾	17.07
CNA 15¼ 96	75	89¾	90½	+0¾	+1¼	17.12
CNE 12¾ 91	100	81	81½	+0¾	+1¾	16.83
Citicorp Int. Fin. 15 86	150	95¾	95⅞	−0⅛	+1¼	16.33
Citicorp O/S 15¼ 84	175	99¼	99¾	−0¼	+0¾	15.63
Cities Service 17 88	150	102⅞	103⅜	+0¾	+2½	16.20
Con. *Illinois* 14¾ 84	100	95¼	95¾	0	+1½	16.85
CPC Fin 16¾ 86	50	101½	102	+0¾	+0¾	16.19
EEC 14¾ 93	65	89¾	90¼	+0¾	+2¼	16.70
EIB 16½ 88	100	98⅜	98⅞	+0½	+1¼	16.83
Elec. de France 13 88	125	86	86½	+0¾	+2¾	16.64
Fed. Bus. D. 15¾ 84 (J)	40	98⅞	99¾	−0¼	+1	16.05
Finland Rep. of 9½ 86	100	77¾	78¼	+0¾	+1	16.92
Ford Cr. O/S Fin. 16 84	150	99¼	99¾	+0¾	+1¼	16.12
Ford Cr. O/S Fin 16 85	150	97¾	98¼	+0¼	+1¾	16.67
GMAC O/S Fin. 12⅞ 88	100	84⅞	85¾	+0¾	+0½	16.82
GMAC O/S *Fin.* 14¾ 87	100	92¾	93¼	+0½	+1	16.71
Gulf States O/S 17½ 88	60	99⅞	100¾	+0¼	0	17.46
Hiram Walker 16 86	50	98¾	99¼	+0¾	−0¼	16.28
IBM Wld. Trade 14¾ 84	100	100¼	100¾	+0¾	+1¼	14.41
IBM Wld. Trade 14¾ 85	60	99¾	100¼	+0¾	+1¼	14.74
Nat. Bk. Canada 15¾ 84	40	†98	98½	+0¾	+3	15.98
New Brunswick 17 88	60	100¾	101¼	+0½	+0¾	16.74
Newfoundland 17¼ 89	60	102¼	103¼	+0¾	+2¾	16.54
Nova Scotia 15 91	75	92¾	92⅞	+0⅛	+2½	16.53
Pacific Gas Elec. 16 88	75	100¾	100⅞	+0½	+0¾	15.80
PSNH Int. Fin 17 86	30	99½	100	+0¾	+1½	17.03
Royal Bk. Canada 14 86	100	94⅞	95¾	+0¾	+2	15.49
SNCF 13 91	75	82	82½	+0¾	+1¾	16.85
Shell Canada 15¾ 91	100	97¾	97⅞	+0¾	+1¾	16.23
Sth. California 14 87	50	93⅜	93⅞	+0⅛	+2	15.75
Sth. California 14¾ 88	50	92¾	93¼	+0¾	+2	16.53
Swed. Ex. Credit 13 86	75	87¾	88¼	+0¾	+1½	17.18
Swed. Ex. Cred. 15¾ 86	50	96¼	96¾	+0¾	+1¼	17.18
Tenneco Int. 17 89	100	100⅞	101¾	+0¾	+0¼	16.73
Toronto-Dom. Bk. 14 84	50	95½	95¾	+0½	+1½	16.24
Transcanada 17¾ 88	75	102¼	103	+0⅞	+1¾	17.02
Tribune O/S Fin. 14 88	50	†90½	91	0	+1¾	17.07
Walt Disney 15¾ 86	100	97¾	98¼	+0½	+2	16.34
Wells Fargo Int 15½ 84	50	99⅞	100	0	+1¾	15.51
Winnipeg 17 86	50	100¾	100⅞	+0⅛	−0⅛	16.80
World Bank 14¾ 86	500	92¼	92¾	+0¾	+1⅞	16.72
World Bank 16 86	210	98½	98¾	+0¾	+2¼	16.40
World Bank 16 88	80	97⅛	97⅝	+0¾	+2¼	16.61

Average price changes. On day +0½ on week +1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	97¾	98¼	+0¼	+1¾	10.32
Austria Rep. of 8¼ 92	150	86¾	87¼	+0¼	+1	10.28
CECA 7⅞ 92	150	†85¾	86½	+0¾	+1½	10.02
CECA 10 91	120	†100¾	101¼	0	+2½	9.79
CII-Honeywell 8¾ 9	125	†86¼	87	+0½	+1½	10.79
Council of Europe 10 91	100	98¼	99¼	−0¾	+2¼	10.15
EIB 8½ 90	200	88¼	88⅞	0	+0¼	10.51
EIB 10½ 91	200	†100¾	101½	+0½	+1	10.29
ESCOM 9¾ 87	100	90⅞	91¾	0	+1	11.34
Finland Rep. of 10 89	100	97¾	97⅞	−0¾	+0½	10.45
Iberduero SA 9 90	100	†90½	91¼	+0¾	+0¾	10.63
Ind. Bk. Finland 8½ 90	50	†89¾	90½	+0¼	+1	10.22
Int.-Am. Dv. Bk 10 91	100	†99¾	100¼	+0⅞	+1¾	10.02
Japan Air Lines 8½ 87	100	91¾	92¼	−0¾	+0½	9.93
Japan Dev. Bk. 7¾ 87	100	89¾	90½	−0¾	+0½	9.97
Kobe, City of 8 90	100	89¾	90¼	+0½	+1¾	9.78
Midland Int. Fin. 8½ 90	180	89¾	90¼	+0¾	+1¼	10.25
Nuclebras 9¼ 88	100	†88½	89¼	0	0	12.21
OKB 8¼ 92	150	†86¼	87½	+0¼	+2	10.27
Oslo, City of 8¾ 90	80	90⅞	91¾	−0¼	+0¾	10.34
Renault Acc. 10¾ 86	150	97⅞	98¾	−0¼	0	11.25
Venezuela R. of 9¾ 90	150	93¾	94¼	−0½	+0½	10.82
World Bank 8 90	700	86½	87¼	+0¾	+0⅞	10.33

Average price changes... On day +0¾ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	60	†92	92½	+0¾	+1¾	7.67
BFCE 6½ 91	100	†90	90½	+0¾	+1¾	8.01
Bayer Int. Fin. 5¾ 92	100	90	90¼	+5⅞	+6¼	6.54
Belgelectric Fin. 7¼ 91	100	99	99¾	+0¾	+0¾	7.87
Bergen, City of 6¾ 91	40	†94	94½	−0½	−0¼	7.61
CECA 6¾ 91	80	93	93¾	+2¾	0	7.79
Denmark 5¾ 90	80	83½	83¾	+1¼	+1¾	8.47
Domo Petroleum 5¾ 91	100	87½	87¾	+0¾	+1¾	7.64
Domo Petroleum 7¼ 90	100	99	99¼	−0¾	−0½	7.38
Elet de France 6¼ 90	100	83½	83¾	0	+1½	7.85
Eurofima 5¾ 92	80	†88½	89	+0½	+0½	7.27
Finland, Rep. of 5¾ 90	80	86	86½	+0¼	+1	7.85
Franc. Petroles 6½ 91	80	†89	89½	−0¾	−1¾	8.16
Genstar 7 91	100	99	99¼	+1¼	+1¾	7.12
Int. Amer. Dv. Bk. 7 91	100	93	93¼	+1½	+2¾	8.05
Japan Dev. Bank 5½ 90	100	†90½	91	+0¾	+0¾	7.18
Mt. Blanc Tunnel 5½ 90	60	83½	83¾	+0¾	+1¾	8.15
Newag 5¾ 90	80	86	86¼	+0¾	+1¾	8.01
OKB 7 93	100	95	95¼	+0¾	+1¾	7.64
Oslo, City of 5⅞ 90	80	86¾	88½	+0¾	−1¾	8.06
Philips Lamps 5¾ 92	100	84½	85	−0¾	−0¾	7.34
Swed. Ex. Credit 7¾ 91	75	†93½	94	0	+0⅞	8.21
Trade Dev. Fin. 6½ 90	50	85½	85¾	+0¾	+1	8.48
Voest-Alpine 5¾ 90	80	84	84¼	+0½	+0¾	8.33
World Bank 6 91	100	86	86½	+0¾	−0¾	8.17
World Bank 7 90	100	96	96¾	−0½	0	7.62

Average price changes .. On day +0¾ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk 8¾ 91	15	96½	97½	0	−0¾	8.71
Australia 6¾ 88	20	85½	86¼	0	+0¼	9.51
EIB 7¾ 89	12	93¾	94¾	0	+0¼	8.81
Finland 6.6 88	10	85¾	86¼	0	+0⅞	9.81
Finland, Rep. of 8¾ 87	15	96	97	0	0	9.18
New Zealand 8¾ 87	15	97¾	98¼	0	+0¼	8.88

Average price changes.. On day 0 on week +0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
CIBC 13½ 85 CS	50	89⅞	90⅞	0	−0¾	17.20
CIBC 11½ 85 CS	60	84¼	85¼	0	−0¼	17.27
Federal Dev. 11¼ 86 CS	60	†74	75	0	0	17.32
Federal Dev. 17¾ 86 CS	40	†97¾	98½	+0¾	+1¾	16.28
Fst Can. Inv. 10 84 CS	50	†83	84	0	0	18.43
GMAC (Can.) 18 87 CS	60	†100¾	101¾	+0½	+0¾	17.64
Tordom Con. 13½ 85 CS	30	†82	83	−0¼	+0½	18.32

[illegible]

FLOATING RATE NOTES — Spread, Bid, Offer, C.dte, C.cpn, C.yld

[illegible]

CONVERTIBLE BONDS — Cnv. date, Cnv. price, Bid, Offer, Chg. day, Prem

[illegible]

Montefibre expects to show operating profit this year

BY RUPERT CORNWELL IN ROME

MONTEFIBRE, THE lossmaking synthetic fibre company controlled by the troubled Montedison chemical group, is expecting to report an operating profit this year, its first since 1974.

According to Sig Giuseppe Tramontana, director general of Montefibre, this year's gross profit will not be enough to cover depreciation or the company's debt servicing burden, estimated at around L30bn for 1981. But next year should see a further reduction in Montefibre's overall deficit, while by 1983 its accounts should be back in the black for the first time in a decade.

Sig Tramontana said that sales would rise in 1981 by 32 per cent to L490bn ($415m), while total debts of Montefibre, aided by its current reorganisation, are forecast to drop to L385bn at the end of this year from L609bn at the end of 1980.

Sig Tramontana also announced the formation of a new subsidiary, SIPA which is capitalised at L25bn and which will co-ordinate Montefibre's output of acrylic fibres at Porto Marghera near Venice.

Meanwhile, work has been completed on the company's ultra-modern polyester plant at Acerra in the Naples hinterland. This should obviate the need for imports of DMT, the polyester base material, and remove the L30bn annual deficit suffered by Italy in the polyester sector.

Montedison itself will also benefit greatly from the improved health of its fibres offshoot.

Between 1973 and 1979 the parent company was forced to provide L560bn ($474m) to cover losses at Montefibre, a sum largely responsible for the series of deficits reported by Montedison throughout the 1970s.

The upturn in Montefibre's fortunes is likely to aid Montedison's efforts to put its own house in order.

Ernault-Somua stays in the red

BY TERRY DODSWORTH IN PARIS

ERNAULT-SOMUA, one of France's largest machine tool groups and a company which is almost certain to figure in the Government's plans to restructure the industry, lost about FFr 30m ($5.4m) in the first half of this year.

A subsidiary of the widely diversified Empain-Schneider engineering group, Ernault-Somua was rescued from a precarious financial position by its parent company about a year ago.

New funds of about FFr 100m were injected to eradicate losses built up over several years, and culminating in a deficit of FFr 89m in 1979. Last year, however, it again lost almost FFr 34m.

Forecast turnover this year will be at least equal to the FFr 367m achieved in 1980, and the company is likely to do better in the second half than in the first six months. In addition, it is hoping that the recent franc devaluation will help sales in West Germany, where it has recently been seriously handicapped by high export prices.

Ernault-Somua is also due to introduce shortly a new machining centre product to be made in France to a Japanese design under the terms of a recent deal with Toyoda Machine Tools. This joint research and manufacturing agreement provided for the two companies to develop and manufacture common products, while giving Ernault-Somua access to some of Toyoda's technology for supplying the European market.

The Government's machine tool industry plan, which has been demanded by President Mitterrand, is expected to be ready within the next few months. It is already clear that substantial new funds will be made available to the industry, which will be helped to reorganise on that basis.

AGIP plans to spend $350m in Nigeria

By Our Financial Staff

AGIP, the Italian state oil company, plans to invest $350m in Nigeria next year to expand exploration and development and to support its current activities.

Sig Guiseppe Muscarella, managing director, says: "It is important that the budget of NAOC (Nigerian AGIP Oil Company) is sufficient to compete with the presence of multinational oil companies in drilling and research."

In spite of the disorganised state of Nigeria's relations with most crude customers, including AGIP, the longer-term prospects for oil development in the country are said to be very favourable.

The exploration and production outlook for West Africa in general, including Nigeria, the Ivory Coast, Ghana, the Congo and Angola, is very attractive, Sig Muscarella stresses. AGIP plans a greater involvement in the area.

"The situation isn't yet saturated. It is still possible to make a big strike, but it is also important to stabilise long-term relations in view of the difficulties evident within OPEC," Sig Muscarella adds.

Modest growth at Ansett despite airlines setback

BY GRAEME JOHNSON IN SYDNEY

ANSETT Transport Industries increased its earnings by 5.2 per cent to A$22.4m (US$25.8m) in the year to June 30. A lower tax bill helped to offset the impact of inflation adjustment. This was ATT's last year as a public company. It disappeared fro mthe public share lists on June 30, because it now is jointly owned by News Corporation, headed by Mr Rupert Murdock, and Thomas Nationwide Transport.

Despite a poorer year for Ansett Airlines, the group increased its turnover by 11.5 per cent, from A$708m to A$789m (US$910m). But pre-tax profits were down 4.8 per cent from A$45.94m to A$43.73m. The tax bill was down 13.5 per cent, however, to A$21.31m.

An appreciable rise in inflation adjustment, through the group's fixed asset utilisation allowance, followed a switch from historical to current replacement cost for calculations involving the 727/200 series aircraft.

The airline results were adverseley affected by a number of industrial stoppages, resulting in lower passenger and cargo growth, the directors said.

But Ansett Air Freight reported a record year in both revenue growth and profitability, with further expansion of freighter services, notably to North Queensland, Perth, Launceston and Adelaide.

Dollar strength hits Petrofina

PETROFINA, thet Belgian oil group, said yesterday that the appreciation of the dollar had wiped out profits in Europe for the 1981 third quarter, despite some recovery in local currency selling prices, writes our Financial Staff.

Selling prices for petrochemical products are "generally increasing," despite weak demand, but they have still not reached a sufficiently profitable level, the company said.

Consolidated net profit for the first half of 1981 was BFr 5.11bn ($73m) compared with BFr 4.93bn

Swiss employment agency lifts earnings

BY JOHN WICKS IN ZURICH

CONSOLIDATED profits of Adia, the Swiss employment agency group, rose by 13 per cent to SwFr 18.1m ($9.6m) last year following a 36 per cent increase in turnover to SwFr 844.6m.

Employment agency turnover grew by 17.5 per cent and accounted for over 85 per cent of total sales. The increase, however, was due largely to acquisitions, notably in the U.S.

The group has agency operations in 10 countries, one of its major subsidiaries being Alfred Marks of London. A rise in turnover was also recorded by the Protectas security-services division. Last autumn the group acquired Mistral Windsurfing, a manufacturer and distributor of wind-surfing boards.

For the year ended June 1981, net earnings of the parent company improved by 11.9 per cent to SwFr 13.7m. From this, the directors recommend an unchanged 45 per cent dividend.

Adia says it views the future with confidence. While the 1981-82 business year would be affected by economic recession, there had been a "marked increase" in turnover in both the U.S. and Switzerland.

Prospects are good on most markets for temporary employment. Adia also predicts that its security operations will consolidate their position.

Valmet to raise FM 1bn of new capital

By Lance Keyworth in Helsinki

VALMET, THE big Finnish industrial group which slipped into the red for 1980, plans to undertake a major financing exercise over the next three years.

The additional capital should help the group, whose interests range from paper and engineering to shipbuilding and defence, move back into profit sometime in 1983, says Mr Matti Kankaanpaa, the chief executive.

In total, FM 1bn ($230m) in new capital is to be put into the State-controlled group, half of which will come through domestic and foreign capital market borrowings backed by State guarantees.

Last year Valmet turned 1979 net profits of FM 32m into losses of FM 21m. The year was also marked by a sharp rise in borrowings

This year trading remains unsatisfactory, says Mr Kankaanpaa in an eight-month progress report. But a rationalisation programme is beginning to bite, and the outlook for next year is more promising. By 1983 "we expect to be back in the black."

Group net sales rose by 49.7 per cent to FM 2.66bn ($635m) in the Januuary-August period, and the order backlog at the end of August was FM 5.24bn, up 9 per cent.

Dramatic as these improvements have been, the parent company will continue to run at a loss in the current year. The deficit will probably be around FM 100m, compared with the FM 45.7m loss of 1980 which did not, however, include full depreciation.

Valmet's disappointing performance, in 1980 aroused an unusual storm of public criticism in Finland, especially as it followed two profitable years. "What is easily forgotten," says Mr Kankaanpaa, "is that we make mostly capital goods and the time lag between booking an order and the payments for the completed delivery can be three to four years."

"We're in the process of turning around now. Our order book for ships is fatter than it has ever been, and the order situation for paper machines and automation equipment is also good. But we still have some problem areas and heavy capital spending to complete in the next couple of years."

The workforce has been trimmed from 13,000 to 12,450 this year and will be reduced further to about 12,000 by 1983. Valmet "can no longer follow the historic principle of keeping a high payroll at any cost. The government has accepted this, and so has the labour force," says Mr Kanaanpaa.

The problem with the tractor division, which is co-operating with Volvo of Sweden in producing a new farm-forest Scandinavian tractor, is the time and financing needed to get it under way. It will cost Valmet FM 300m in tooling up, development and marketing. But the investment is expected to show a yield in 1983, he says.

The sawmill equipment market has slumped both in the East and the West and capacity cuts are in progress. The defence equipment group is another problem area. Arms and ammunition capacity must be measured to meet the realistic needs of the defence forces, and losses must be accepted.

But the aircraft and sports weapons branches within this group are running at a profit.

Recovery in PKBanken operations

By Westerley Christner in Stockholm

PKBANKEN, the Swedish state-owned investment banking group, reports a sharp recovery in bank operating profits to SKr 539m ($98m) for the first eight months of 1981.

The result, says the bank, suggests that bank operating earnings for the whole of 1981 will rise by more than half to between SKr 820m to SKr 870m.

Eight - month operating income for the PKBanken group improved to SKr 604m with the PKFinians subsidiary contributing a more than doubled result at SKr 45m.

The bank's earnings improvement came about because of higher bond yields, a slightly larger return from lending and measures taken to counter the effects of high interest rates, says Mr Ingemar Widenborg, senior vice president. Net interest income went ahead 39 per cent in the eight months to SKr 1.32bn.

These factors also accounted for the earnings improvements registered recently by PKBanken's two main commercial competitors in Sweden — Skandinaviska Enskilda Banken and Svenska Handelsbanken.

FOREIGN INVESTORS FUND ECONOMIC NATIONALISM

Canada shifts from equity to debt

BY W. L. LUETKENS, RECENTLY IN OTTAWA

CANADA is both a *developing* and a developed country. Over the years, this has made it a heavy importer of capital as well as a good debtor.

It is a developing country because much of its wealth, especially in the West derives from natural resources, and in particular, from oil and gas. Finding and extracting is a capital-intensive business in this field, requiring funds which the country itself cannot or will not raise at home.

It is a developed country because, especially in Ontario, though also in Quebec, it has a manufacturing base; because GDP per head is among the highest in the world; and because it has firmly-based political, administrative, and business structures, which have given it the fundamental stability often lacking in countries from which the world buys its raw materials.

The outline is not going to change in the foreseeable future, but within it there are shifts of emphasis crucial to international investors. The chief of these is a rising tide of economic nationalism, traceable to confused but firmly held notions, first aired in the 1960s, of "buying back" Canada. To understand them, it must be borne in mind that in 1969 some 52 per cent of deliveries made by Canadian manufacturing industry came from foreign-controlled enterprises. By 1978, the latest year for which statistics exist, that share had fallen, but still was 50.3 per cent.

During the 1970s, Mr Pierre Elliott Trudeau, the Prime Minister, at most flirted with economic nationalism. A Foreign Investment Review Agency was set up to screen foreign takeovers and new ventures, with powers to recommend that they should be banned unless they brought "significant benefit" to Canada. Fira was often derided as a toothless tiger, but since last year it has shown that it has teeth. The proportion of applications made to it that were withdrawn has doubled. Even before that, Fira's very existence acted as a deterrent.

Mr Trudeau's intention to bring at least half the oil and gas industry under Canadian control (from 30 per cent now) has accentuated the trend. It smacks very much of the old "buy back" notion and has led to a series of takeovers of foreign-owned oil companies, financed by loans at home or abroad.

Borrowing abroad

The result has been an accelerated tendency for Canada to borrow abroad rather than to import equity capital.

The figures are hard to pin down, partly because direct foreign investment is registered at book value and includes retained profits of foreign-controlled enterprises, but what has been published does show the trend.

In the balance of Canadian international indebtedness published by the Bank of Canada, direct investment accounted for almost exactly half of total Canadian liabilities of C$35.3bn (US$29.4bn) in 1965. By 1976, the latest year for which there are figures, the share was down to 44 per cent of C$97.3bn, and it has fallen since. For 1978, the bank gives gross Canadian international indebtedness of C$118bn and gross assets of C$60bn.

The shift from equity to debt has been accompanied by a shift from private capital imports to international borrowing by governments and their agencies, above all among them Ontario and Hydro-Quebec. More important for the balance of payments is that it has involved a shift to debt that has to be serviced under all circumstances, from risk capital that is serviced according to business conditions and the profits on which are, in any case, often ploughed back.

Interest on Canada's long-term external debt cost a net C$3.9bn last year (after deducting interest income), and the cost this year may rise to C$4.3bn. These are major and growing elements in a current account deficit of C$1.9bn in 1980 which is set to go over $4bn this year. There is much discussion in Canada on whether deficits of such an order are sustainable, certainly they are related to the decline in the Canadian dollar foreign exchange value from above U.S.$1 in 1976 to something over 80 cents.

In the market, Canadian borrowers have been able to negotiate fine terms in recent weeks for amounts up to US$100m. Canadian economists, taking a longer view, like to point out that no Canadian province has ever defaulted on its debt. Newfoundland's default in the 1930s came when it was not within the Canadian confederation.

Canadian international indebtedness when expressed as a percentage of gross national product was much higher 20 years ago than it is now. It began to rise gently in the mid-1970s. The current account deficit has also remained steady when expressed as a percentage of GNP.

In the long run the Canadian international debt appears the more sustainable, from what has happened—with many other seekers after funds having a much lower credit rating than Canada and its business world. That does not, of course, preclude occasional mishaps, such as those arriving from the financial troubles of Massey Ferguson, or from exchange rate crises on the lines that followed the return of a near-separatist Government in Quebec in 1976. The world of finance has since learned to live with the Parti Quebecois. Quebec recently raised C$100m on international markets at a yield of 16 per cent.

What could cause ocasional flurries is the takeover wave in Canada set off by the "buy back" of the oil industry, though not confined to that particular field. In the end the outcome will be profoundly affected by movements of the world price of oil; if it goes up less quickly than was expected when the National Energy Programme was devised, there could be some long faces.

Energy exporter

An outstanding point is that though Canada may miss the target of oil self-sufficiency by 1990, it has been, is, and will remain a net exporter of energy. As the British experience has shown, a semi-petro currency is not always safe from buffetings, but having your own oil and gas does help.

The political climate is another matter. FIRA and the oil takeovers have deeply angered U.S. business, to the point where there has been talk in Washington of retaliation. The resurgence of economic nationalism has scratched the image of Canada as a haven of capitalist rectitude. Yet the blow has been directed at direct investment—not at the practice of borrowing abroad. Canada needs capital imports to develop its oil, gas and other resources and the policy makers know that.

Van der Horst issue to finance expansion plans

BY GEORGIE LEE IN SINGAPORE

VAN DER HORST, one of the leading suppliers of advanced engineering services to marine and petroleum industries in South East Asia, is to make a public offer of 3.75m new shares and is seeking a listing on the Stock Exchange of Singapore.

The new shares of S$1 par value will be offered at S$2.50 per share and will raise the group's existing issued capital to S$14.5m (U.S.$6.9m).

Van der Horst is actively involved in iron, nickel and chrome electro plating, special welding, metal spraying, the machining of precision engineering products, and the reconditioning of marine and oil-field equipment. The company intends to use the net proceeds of S$8.9m to finance its expansion plans

After the issue, its two major shareholders, Harper Gilfillan (Singapore) and the Commonwealth Development Finance Company, will each hold 30.8 per cent

Other significant shareholders are diesel Power Services, which will hold 9.14 per cent of the new capital, and Van der Horst's chief executive, Mr Peter Politiek, who has just been issued 250,000 shares at S$2.50 each.

The group operates from its plant in Singapore's major industrial estate of Jurong and has subsidiary and associate companies in Hong Kong, Malaysia, the Philippines, and Holland. It reported pre-tax profit of S$2m for the year to September 1980 and S$2.9m for the nine months to June

The issue price represents a multiple of 10.5 times forecast net earnings of 23.8 Singapore cents per share for the year ended September 1981 based on the existing issued capital of S$10.5m.

The prospective gross dividend is five per cent based on a forecast tax-exempt dividend of 7.5 Singapore cents per share payable for 1980-81 on the enlarged share capital.

Israel Discount to raise $35m

ISRAEL DISCOUNT BANK, the country's third largest bank, intends to publish a prospectus next month for an issue of index-linked convertible capital notes and options with a view to raising Sh475m ($35m) of new capital **L. Daniel writes from Tel Aviv.** The capital notes are to bear 2 per cent interest, with both capital and interest linked 90 per cent to the consumer price index. Conversion into ordinary A shares of the bank will be possible between December 1, 1983 and December 1, 1991.

Redemption will be between June 30, 1987 and June 30, 1992. The option warrants will be convertible into A shares between December 15, 1981 and December 1, 1982. The capital notes will be sold at their nominal value

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	6.10 81	29 9 81	AVERAGE YIELD	6 10 81	29.9 81
DM Bonds	87.79	87.01	DM Bonds	10 413	10 578
HFL Bonds & Notes	90 03	89 78	HFL Bonds & Notes	11.849	11.714
U.S. $ Strt Bonds	80 28	80.67	U S $ Strt Bonds	14.756	14.652
Can. Dollar Bonds	78.95	78 94	Can Dollar Bonds	14.967	14.976

WORLD STOCK MARKETS

Dow up 6 at mid-session

STOCKS CONTINUED to gain strength in moderate trading at mid-session.

The Dow Jones Industrial Average was up 6.37 at 862.63 at 1.00 pm. Advances led declines by more than two-to-one on volume of 21m shares (23m). The NYSE All Common Index was up 0.53 at S69.56.

Analysts said the market was encouraged by the fact that stock prices did not tumble after the news of Egyptian President Anwar Sadat's death.

Attention was again focused on interest rate considerations. Analysts felt many market participants expect rates to come down further in the near future.

Reflecting the recent decline in short-term rates, Chemical Bank yesterday lowered its broker loan rate to 16 per cent from 16¼ per cent after a similar move by Marine Midland Bank last week.

Merger speculation fuelled a rally in brokerage stocks. E. F. Hutton gained S2¼ to S38¼ in active trading, while Merrill Lynch added S1¼ to S34¾ and Paine Webber advanced S2 to S18.

Trading in Dean Witter Reynolds was halted yesterday morning, pending the outcome of a special Board meeting today.

Newmont Mining rose S4½ to S62¼ after a delayed opening. A Consolidated Gold Fields subsidiary said the Federal Trade Commission's staff advised it that the staff does not plan to recommend that the commission challenge the company's acquisition of Newmont stock.

THE AMERICAN SE Market Value Index was higher in light trading, with the index up 2.75 at 1.00 pm to 311.44 on volume of 2.6m shares (2.3m).

Houston Oil Trust, the most active issue, was ahead S¼ to S22¼, while Dome Petroleum eased S¼ to S12 and Petro-Lewis gained S¼ to S19¼.

Closing prices for North America were not available for this edition.

Canada

Stock prices gained slightly with the Toronto composite index up 7.1 to 1,942.7 at mid-session on light volume of 2.07m shares (1.81m). Advancing issues edged declines 198 to 161.

Gold issues were off from yesterday's rally with the index down 48.8 to 3,726.9. Real Estate and Construction rose 67.5 to 6,169.8, Oil and Gas 23.9 to 3,749.5, and Pipelines 22.4 to 1,798.0.

Most active Dome Petroleum was off C$¼ to C$14¼, while Gulf Canada rose C$¼ to C$20¼, Royal Bank C$¼ to C$26¼ and Bell Canada was unchanged at C$17¼.

Corporation Falconbridge Copper topped the most active mine list and was unchanged at C$12¼.

Tokyo

Share prices rose sharply led by Blue Chips, reversing the initial weakness prompted by President Sadat's assassination.

The Nikkei Dow Jones Average gained 39.87 to 7,545.88 in moderate trading on volume 400m shares. The Tokyo Stock Exchange index rose 3.67 to 555.31.

After opening lower in line with the easier trend set in Wall Street overnight, many Blue Chips rose sharply on speculation that Middle East oil money might seek shelter in Tokyo, New York and other western money markets.

Sony rose Y70 to Y4,090, Hitachi Y15 to Y709, Pioneer Y120 to Y2,750, Honda Motor Y60 to Y860, Minolta Y39 to Y710, Ishikawajima Harima Heavy Industries Y4 to Y199 and Nippon Steel Y1 to Y198.

Oils, Non-ferrous Metals and Shippings rose initially, reflecting uncertain political prospects in the Middle East, but closed mixed on late profit-taking. Low-priced issues in Constructions, Foods, Chemicals, Textiles and Fisheries were lower.

Sumitomo Metal Mining lost 44 to 456 after continuing sharp gains in the past few weeks, while Dai Nippon Pharmaceptical lost Y100 to Y1,130. The second market closed slightly higher.

Hong Kong

Stocks closed higher following Monday's sharp fall, supported by local bargain-hunting together with some technical adjustments.

The Hang Seng index rose 66.06 points to close the half day at 1,179.83, 66.06 points above the previous close on Monday, when it suffered its biggest fall since March 1973. The market was closed on Tuesday.

Some dealers said property investment companies are planning to reinforce their shares and therefore strengthen the market, but most dealers are still bearish on prospects, seeing no improvement in the fundamental factors affecting the market.

Among leaders, Cheung Kong rose HK$1.3 to HK$18.50, HK Bank 60 to HK$13.10, HK Electric 30 to HK$4.50, HK Land 65 to HK$8.25, HK Wharf 10 to HK$5.10, Hutchison Whampoa HK$1.10 to HK$14.10, Jardine Matheson 90 to HK$13.20 and Swire Pacific A 1.40 to HK$12.00.

In secondaries, Swire Properties rose 60 to HK$7.30 and Sun Hung Kai Properties 70 to HK$7.90.

Australia

Demand for gold stocks produced the only lift in an otherwise flat market as international bullion prices rose.

Gold's recent sharp advance translated into a 24-cent rise to A$8.14 by Central Norseman, while Poseidon added 30 to A$3.65 and GMK put on 10 to A$8.10.

However, the rest of the market was little changed on light turnover. The All Ordinaries Index closed near its low for the day at 578.6, for a net rise of one point.

Oils showed selective gains and Woodside rose six to A$1.32, while Santos firmed nine to A$4.95.

CSR was up nine at A$4.64. CRA was seven off at A$3.28. MIM was unchanged at A$3.85. WMC was steady at A$4.60.

Cluff Oil was steady at 63 cents after Hartogen Energy announced it had bought 20 per cent of the Cluff capital and Weeks Australia reported that it had taken up a 15 per cent interest.

Singapore

The stock market closed higher on some covering interest ahead of today's holiday in moderate trading.

Among leading industrials and finances, Central Sugars advanced 70 cents to S$12.40 and Times Publishing firmed 54 to S$4.90. Elsewhere gains of between two and 12 cents were noted in Cold Storage, Haw Par, Keppel Shipyard, Robinson, Sime Darby, United Motor Works, Development Bank of Singapore, Malayan Banking and Overseas Union Bank.

Johannesburg

Share prices mainly consolidated early gains to remain firm towards the close. However, some issues saw markups pared by profit-taking in the closing stages.

Gold shares were significantly up, President Brand closing 200 up at 5,850, Buffels 50 up at 5,550, West Deep 100 up at 5,200 and Harties 60 higher at 2,010. Western Areas was one of those hit towards the close and although 10 up on the day at 665 was 10 off the high.

In Mining Financials Amgold gained 300 to 12,000 and Goldfields 100 to 10,650.

Germany

Share prices ended mixed after a higher opening, as the market continued nervous and sensitive to rumours from the Middle East.

After surprisingly lively early trades, with a broad variety of shares moving higher, demand from abroad slipped back.

CANADA

Stock	Oct. 6	Oct. 5
AMCA Intl.	21¼	22
Abitibi	21	21
Agnico Eagle	11	9½
Alcan Alumin	29⅜	30
Algoma Steel	41¾	40½
Asbestos	40	41
Bk. Montreal	26	26⅛
Bk.Nova Scotia	25¾	25⅝
Basic Resources	6.75	6.87
Bell Canada	17½	17¼
Bow Valley	15⅝	16⅜
BP Canada	36⅞	37¾
Brascan A	25¾	26
Brinco	6⅛	6¼
B. C. Forest	13¼	13½
CadillacFairview	12	12
Camflo Mines	23½	22½
Can Cement	12¼	12
Can NW Lands	31	32
Can Packers	30	30
Can Trusco	26½	25¾
Can Imp Bank	26⅞	26¾
Cdn Inds	30¾	30¾
Cdn Pacific	43¼	44
Can P. Ent	19½	19½
Cdn Tire	30	30
Cherokee Res	6.50	7.12
Chieftain	19¼	18⅞
Cominco	54¾	55⅝
Cons Bathst A	20¾	21¼
Coseka Res	13¼	13⅝
Costain	9¾	9¾
Daon Devel	5¾	5⅞
Denison Mines	32¼	32¼
Dome Mines	25	23⅛
Dome Petroleum	14½	14⅞
Dom Foundries A	42	42½
Dom Stores	15½	15½
Domtar	24	24
FalconNickel	78	78
Genstar	22	22¼
Gt.-West Life	2.45	2.45
Gulf Canada	20½	20⅝
Gulfstream Res	6.50	6.87
Hawk Sid. Can	11½	11½
Hollinger Argus	30	31

BELGIUM (continued)

Oct. 7	Price Frs.	+ or −
Petrofina	3,865	−35
Royale Belge	3,950	......
Soc Gen Banq.	1,555	......
Soc Gen Belge	860	−8
Sofina	2,480	−15
Solvay	1,755	−130
Traction Elect	1,640	−20
UCB	1,082	−8
Union Miniere	600	−20
Vieille Mont	1,290	−10

DENMARK

Oct. 7	Price %	+ or −
Andelsbanken	115.2	......
Baltica Skand	344	+1
CopHandelsbank	121.6	......
D. Sukkerfab	381.4	+1.4
Danske Bank	121.6	......
East Asiatic	154.4	......
Forenede Brygg.	487	−2
Forenede Damp.	330	+1.6
GNT Hldg	216	+1
Jyske Bank	167.2	......
Nord Kabel	143	+0.6
Novo Ind.	1190	+7.6
Papirfabrikker	100	......
Privatbanken	124.6	+0.2
Provinsbanken	119	......
Smidth (F)	247.4	+3.2
S. Berendsen	412.4	−1.2
Superfos	164.4	+4.4

FRANCE

Oct. 7	Price Frs.	+ or −
Emprunt 4½% 1973	2,518	−24
Emprunt 7% 1973	7,365	......
CNE 3%	2,831	−29
Air Liquide	466	......
Aquitaine	690	......
Au Printemps	114	......
BIC	450	+10
Banq Rothschild	171	−9
Bouygues	895	+8
BSN Gervais	1,075	+20
Carrefour	1,598	+13
Club Mediter	465	−5

HOLLAND

Oct. 7	Price Fls.	+ or −
ACF Holding	72.6	−0.6
Ahold	62.5	+0.5
AKZO	21.4	......
ABN	285	−1
AMEV	92.5	−0.7
AMRO	53	+0.1
Bredero Cert	183	+1
Bos Kalis	64.5	−0.2
Buhrmann-Tet	46	−0.5
Caland Hldgs	37.3	+0.3
Elsevier NDU nv.	125	+3
Ennia	121.5	+0.6
EuroCom Tst	75	......
Gist. Brocades	57.1	−0.9
Heineken	47.4	−0.6
Hoogovens	15.4	+0.1
Hunter Douglas	8.6	−0.2
Int-Muller	18	−0.5
KLM	88.8	+0.5
Naarde'n	25.4	+0.2
Nat Ned cert	113.3	......
Ned Cred Bank	37.9	−0.4
Ned Mid Bank	160	......
Ned Lloyd	139.8	−0.7
Oce Grinten	89.2	+0.1
Ommeren (Van)	29	......
Pakhoed	38	......
Philips	19.2	+0.2
Rijn-Schelde	36	+1.5
Robeco	210	+0.5
Rodamco	115.9	−0.1
Rolinco	210	+2.5
Rorento	129.5	+0.4
Royal Dutch	77.8	+0.8
Slavenburg's	94.5	+0.2
Tokyo Pac Hg	206	−5.5
Unilever	140	+1
Viking Res	134	+4.5
Vmf Stork	36.5	+0.5
VNU	63	+0.3
Volker-Stevin	28.4	+0.4
West Utr Bank	70.5	......

ITALY

Oct. 7	Price Lire	+ or −

AUSTRALIA

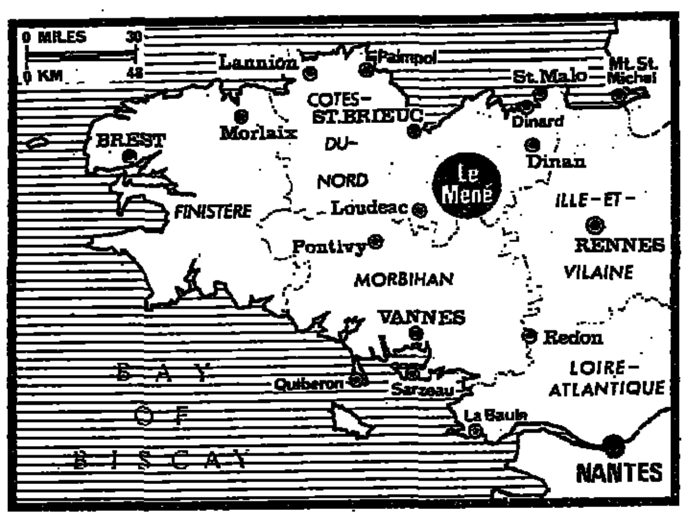
Oct. 7	Price Aust. $	+ or −
ANZ Group	5.00	......
Acrow Aust	1.20	......
Allstate Expl	0.90	......
Ampol Pet	1.42	−0.02
Assoc. Pulp Pap	1.95	......
Audimco	0.15	......
Aust. Cons. Ind	1.88	−0.02
Aust. Guarant.	2.03	−0.02
Aust. Nat. Inds	2.85	......
Aust. Paper	1.92	−0.05
Bank NSW	2.95	−0.05
Blue Metal	1.62	......
Bond Hldgs	2.15	−0.15
Boral	3.10	......
Bl'ville Copper	1.30	−0.05
Brambles Inds.	2.40	−0.05
Bridge Oil	4.55	+0.15
BHP	10.45	+0.05
Brunswick Oil	0.18	−0.01
CRA	3.28	−0.07
CSR	4.64	−0.09
Carlton & Utd	2.30	−0.08
Castlemaine Tys.	2.92	+0.02
Cluff Oil (Aust)	0.63	......
Do. Opts.	0.35	......
Cockburn Cemt.	1.20	−0.04
Coles (G.J.)	2.30	−0.05
Comalco	1.93	......
Container	6.40	......
Costain	2.60	−0.10
Crusader Oil	5.70	+0.70
Dunlop	1.10	+0.10
Elder Smith GM	4.05	−0.05
Endeavour Res	0.42	......
Gen Prop Trust	1.68	+0.02
Hamersley	4.00	......
Hartogen Energy	5.0	−0.4
Hooker	1.18	......
ICI Aust	1.70	−0.05
Jennings	1.23	+0.03
Jimb'lana(50cFP)	0.49	......
Jones (D)	1.70	−0.02
Kia Ora Gold	0.16	......
Lennard Oil	0.54	−0.01
MIM	3.85	......
Meekatharra Ms	6.00	......
Meridian Oil	0.46	−0.01
Monarch Pet	0.16	......
Myer Emp.	1.83	−0.02
Nat. Bank	2.75	−0.05
News	2.50	+0.05
Nicholas Int.	1.42	+0.02
North Bkn Hill	2.70	+0.02
Oakbridge	1.88	......
Otter Expel	0.91	......
Pancon	2.25	......

A small rural area of Brittany has set up its own bank. **Mark Kidel reports.**

How le Mené resolved to keep alive

ONE OF the most unusual experiments in banking today is taking place in a remote and disadvantaged part of central Brittany. The people of le Mené, a small rural area, 40 miles west of Rennes, have turned a sense of helplessness and despair into a locally-based practical project which should go a long way towards financing the small businesses without which the region will gradually die.

What makes this local initiative so different from most of central government schemes all over Europe is that it will be tapping local resources which would otherwise be syphoned out of the area, in the form of personal savings traditionally invested in banks and other financial institutions.



Le Mené is a *pays*, what the Welsh still call a *bro*, a place or area held together by a sense of common geography or identity: in this case, 26 rural *communes* (parishes) which share the feeling of being peripheral to the various large market towns (St Brieuc, Loudéac, Dinan and Pontivy) which surround them.

The story of le Mené is typical of the French countryside. The total population was 28,500 in 1975. The number of inhabitants dropped by 1,000 between 1968 and 1975, and the job total by 2,400. Nearly half the workforce of about 11,000 are employed in towns outside the area. There are a few small businesses in the area, but all of them find it difficult to borrow money, and there is little to attract new enterprises.

The fate of le Mené has been radically changed by the quiet but dynamic leadership of one man, Abbé Paul Houée, a catholic priest and a sociologist with a world-wide reputation as an expert on rural—and especially what he has called "micro-regional" development.

Abbé Houée became involved in le Mené through his research in the mid-1960s. Following a public meeting held in 1965 around the rallying cry "*le Mené, un pays qui ne veut pas mourir*" ("the Mené, a place that does not want to die"), Abbé Houée and a group of local people created the Comité d'Expansion du Mené, a committee of local officials, elected representatives and others who felt the need to work on a grassroots programme for local development, in the social, economic and cultural fields.

Jealously guarded independence

Abbé Houée was elected mayor of St. Gilles-du-Mené, one of the villages in the heart of the area, and he used this position of local influence to encourage greater co-operation between the communes of the region. While the Mené was, on one level, bound together in what a local official described as "a community of misfortune," the mayors of each commune have jealously guarded their independence, each one of them embattled against the highly centralised machine of French government, and the strictest ministerial controls imposed through the *départements* and the *préfets*.

Houée and his colleagues on the committee worked hard on promoting the idea of the *pays* as an antidote to the impersonal administrative structures created after the French Revolution. They appealed to people's sense of belonging and place, with the *pays* as a focus through which people's hearts could be mobilised.

The work of the Comité d'Expansion was slow and hard. But over the years it acted as the catalyst for a number of new initiatives, the creation of craftsmen's and farmers' groups, new business enterprises and a wide range of social and cultural work. Above all, as one recent report stressed, "minds have been changed," with people gaining both a sense of the strength which the consciousness of their *pays* had given them, and the confidence to start thinking radically about self-help. The local "bank" the latest project to have grown out of the Comité d'Expansion's work is a reflection of this change of mind. All the investors will be local people who wish to see their savings used to strengthen the local economy, rather than be drained off towards more profitable horizons.

The great obstacle to the idea of *l'épargne locale* (local saving) has always been the investors' risk, particularly when the money invested is to be lent to enterprises operating in an economically disintegrating area.

The Mené project would seem to have found a unique solution which will provide willing savers with all the necessary guarantees. Local people will place their savings with the IDEM (Institut de Développement Economique du Mené) a small banking institution which they will jointly control. The term of the investment will be three or five years, with a minimum interest rate of 10 per cent—2½ per cent above the present standard level. Borrowers—who will have to be entrepreneurs whose business schemes prove acceptable to a committee of local officials and representatives—will pay a maximum of 12 per cent, which is considerably lower than the 15-20 per cent ordinarily demanded by conventional financial institutions.

The guarantees will be provided by the local authorities—in this case, the 26 communes in the Mené—much of it to come through a *Contrat de Pays* a new form of local development scheme, put together by the communes and covering everything from the creation of employment to the non-institutional care of the elderly, and negotiated directly with regional government.

The guarantee funds will be the responsibility of a separate institution, the SODEPAM (Société Anonyme d'Economic Mixte du Pays du Mené) drawn from an inter-communal syndicate, local government and banks. They expect to raise around £100,000, £28,000 of it through the *Contrat de Pays* and the rest from other public sources. The savings and the guarantee funds will be managed at very favourable rates by the Crédit Mutuel de Bretagne, a regional bank with its roots in the christian socialism of 19th century France.

What will make it possible for the new "bank" to provide such undeniably favourable terms to both savers and borrowers is that, unlike all other private financial institutions, it will not be aiming to make a profit. Its sole aim will be to serve the needs of the community. The IDEM is a brave and unique attempt at creating a truly local, and, it is to be hoped, therefore, a more appropriate form of economic development.

Relationship between money and community

The recycling of local resources on this scale may seem at first insignificant but it provides an example of what can be done, with patience and perseverance, to alter people's attitudes about the relationship between money and community. The example of le Mené is also remarkable in that public funds will not be used directly in local business, but only as a guarantee for the money invested by the community. The development will be private *rather than public, with backing* and a certain degree of control coming from the community itself.

As far as le Méne is concerned, the whole scheme is now ready to go ahead. In spite of the professed decentralism of the new French Government, final authorisation for the project will have to come through no fewer than four ministries in Paris.

Things have slowed down in the aftermath of the election, but there is real hope—given the commitment that is reflected in the abolition of the *préfet* system—that France's new rulers will take the risk of backing what may turn out to be a profoundly important innovation.

Mark Kidel works for Dartington Hall Trust.

APPOINTMENTS

Marples Ridgway construction new managing director

Mr Derek Perrey has joined the board of MARPLES RIDGWAY and has been appointed managing director of Marples Ridgway Construction, operating company for civil engineering in the UK and all construction work overseas.

Prior to joining Marples Ridgway, Mr Perrey had spent four years as general manager—corporate affairs of Consolidated Contractors, a leading Arab construction company based in Athens. Before that he was with John Mowlem and Co including five years as group managing director.

★

Mr Hugh Metcalfe has been appointed managing director of the Hatfield division of BRITISH AEROSPACE Dynamics Group. He joins Hatfield from the group's Bristol division, where he was managing director.

★

At the invitation of the Treasury, and with the agreement of the Confederation of British Industry, Mr Ian Hay Davison has accepted appointment as chairman of the REVIEW BOARD FOR GOVERNMENT CONTRACTS. He succeeds Sir William Slimmings, who had been chairman since 1971.

Sir Kenneth Berrill has accepted appointment as a member of the Review Board nominated by the Government, replacing Sir Alec Cairncross, who retires after six years' service.

Mr Davison, who is managing partner of Arthur Anderson and Company, is chairman of the technical and research committee of the Institute of Chartered Accountants. He was a joint author of the report into the Grays Building Society and one of the DoT inspectors appointed to investigate the companies of Mr John Stonehouse. Sir Kenneth Berrill is chairman of Vickers da Costa Limited. From 1974 until 1980 he was head of the Central Policy Review Staff and before that head of the Government Economic Service and chief economic adviser to the Treasury.

HUMPHREYS AND GLASGOW SERVICES has appointed Mr Mike Abbott as general manager mechanical services, responsible for all UK and overseas activities.

★

BARING BROTHERS AND CO. states that Mr E. M. P. Welman, who has reached his 60th birthday, retires on October 9 after 36 years' service, for 14 of which he has been a managing director.

★

Mr R. G. Sturgeon has been appointed chairman of STEWART WRIGHTSON (ENERGY RESOURCES). He succeeds Mr W. D. Engeham, who had held the appointment temporarily since June.

Mr S. W. Ockendon will retire as underwriter and managing director of WESTMINSTER AVIATION INSURANCE GROUP, a member of the Stewart Wrightson Group, on June 30, 1982. He will be succeeded by Mr G. A. Nichols, who will join the company as a director on December 1 next.

★

The Trade Secretary has appointed Mr Bernard Owens as a part-time member of the MONOPOLIES AND MERGERS COMMISSION. He was chairman of Unochrome, and is a member of Lloyd's.

★

Sir Hector Laing and Mr Charles Tidbury have been elected to the advisory council of the LONDON ENTERPRISE AGENCY. Mr G. Gosney (United Biscuits (UK)), Mr R. Martineau (Whitbread and Co.) and Mr D. Melvin (BOC) have been elected as members of the executive committee of the Agency.

★

Mr William Joseph McGrath has been appointed managing director of TIMBERLAND. He also joins the main board of the holding company COMET RADIO-VISION SERVICES.

★

Professor Arthur Bell has been appointed director of ROYAL BOTANIC GARDENS, Kew, succeeding Professor John Brenan, who is retiring. Professor Bell is Dean of Natural Science at King's College, London.

★

Mr David Westwood has joined the board of TORVALE HOLDINGS, Pembridge, as a non-executive director. He is chairman and chief executive of United Spring and Steel Group.

★

Mr Raymond L. Keogan has been appointed a director of MICROLEASE.

★

Mr Ivor Storey has been appointed to the board of AIR-CLAIMS GROUP in succession to Mr Jack Hine, who has retired.

★

Mr Paul Tudge has become director-market development of HADEN DRYSYS, part of the Haden group.

★

Mr Arthur Day, former director-general of the Institute of Export, has joined QUADRANT FILMS, London-based production company, as a consultant.

★

ROBERTS BIRD (UNDERWRITING AGENCY) at Lloyd's has appointed Mr J. N. Bird as chairman. Mr J. E. M. Morris has been appointed a director having resigned as company secretary. Mrs L. Wheatley has been appointed company secretary.

★

The Godsell (LDA) group of companies has former a new subsidiary GODSELL HOPPE SYSTEMS. Mr C. G. Draper is appointed chairman of the new company, with Mr N. T. Hoppe as managing director and Mr R. G. Marlow, Mr D. B. Bulk and Mr N. H. Jones appointed directors.

★

Mr John Page is to join the CHARLES BARKER GROUP next January as director of finance. Mr Page, at present director of finance of the J. Walter Thompson Group, succeeds Mr Michael Horstead who is retiring at the end of this year but will remain available as a consultant. Mr Alan Schofield has been appointed group accountant at Charles Barker.

★

Butterworths and IPC Business Press, divisions of the International Publishing Corporation, have jointly announced the formation of a new company to consolidate all IPC's UK-based science, technical and medical book and journal publishing. To be known as BUTTERWORTH SCIENTIFIC, the company brings together the science-technical-medical division of Butterworths UK (located in Borough Green, Kent) and IPC Science and Technology Press (an IPC Business Press company located in Guildford, Surrey). The managing director of Butterworth Scientific will be Mr David Summers, current STM publishing director of Butterworths UK. Mr Anthony Smalles, managing director of IPC Science and Technology Press, will, as managing director of the journals division of the new company, consolidate all journal publishing at Guildford, while book publishing will be concentrated at Borough Green. Chairman will be Mr Gordon Graham and deputy chairman will be Mr Bryan Hope, chairman of journal publishing at IPC Business Press, who is also a director of the Butterworth Group. Both Mr Graham and Mr Hope are directors of the International Publishing Corporation.

★

Wigham Poland has formed WIGHAM POLAND OIL AND GAS, with Mr A. D. Delderfield, as non-executive chairman, Mr S. C. J. Gimblett, chief executive and Mr D. Finnett, director.

★

Relinquishing his post as managing director, Mr Peter Barnard, 48 years with STUART TURNER, becomes chairman. Mr Cecil Winsor is appointed managing director and company secretary Mr Mark Cook becomes a director.

★

Mr Malcolm J. Ray has been appointed managing director of CATTON AND CO., Leeds, one of the steel foundry companies of the Weir Group.

★

THOMSON McLINTOCK ASSOCIATES has appointed Mr Graham M. Hamilton joint managing director and Mr David W. R. Ferguson has been appointed a director.

★

Mr Colin Stewart has been appointed financial director of RACAL AUTOMATION.

★

Mr Michael Franks has been appointed chairman of SCHWARZKOF. He was previously chairman of Clyde Paper.

★

Mr Michael J. Davies, who has been a director of Dowty (Malta) since 1978, has rejoined DOWTY SEALS at Ashchurch, Glos, and has been appointed executive director—industrial engineering.

★

Mr David J. Brimblecombe has been appointed company secretary of YORKSHIRE CHEMICALS, Leeds, succeeding Mr George H. Williamson, who has left the company. Mr J. R. Oxley has become group accountant.

★

Two directors have been appointed to the Granada Group board. They are Mr David Plowright, managing director of Granada Television, and Mr Bill Andrewes, managing director of Granada TV rental.

★

From November 1 Mr R. W. Giles becomes managing director of BOVIS CIVIL ENGINEERING, Westbury, management contracting and construction subsidiary of the P & O Group. He replaces Mr A. P. Hall who has resigned to take up another appointment.

CONTRACTS

Anderson Strathclyde instal £6m machining system

Anderson Strathclyde, Motherwell, is to install a flexible manufacturing system at a cost of over £6m. The system will carry out the machining of large castings for the company's range of coal-cutting shearers. GIDDINGS AND LEWIS-FRASER, Arbroath, will supply the system and the order is believed to be the largest machine tool contract ever negotiated between two UK companies. The system will comprise six horizontal-spindle machining centres incorporating automatic tool changing, with pallet interchange and automatic transport controlled by an executive computer. Financial assistance is being made available by the Mechanical and Electrical Engineering Requirements Board. The first machine will be installed in 18 months and the system completed in three years' time.

★

Data Recording Equipment, Staines, has awarded a contract for the supply of ribbon cartridge to ARROW COMPUTER PRINTERS, Nottingham, a member of the Trent (300) Group. The cartridges are to be used in the range of matrix printers designed and manufactured by DRE. Over the first three years the contract is expected to be worth £2m.

★

British Telecom has signed a contract with INFOTRON SYSTEMS, Dorchester, worth £1.25m for the supply of 100 statistical multiplexers for the DATAPLEX 3 service. The contract is to run for 15 months, beginning in January.

★

MULTITONE ELECTRONICS has won an order from the Home Office for almost £1m-worth of radio paging alerting equipment for use by fire brigades. The equipment is to be used in 20 counties to call up retained firemen in the event of a fire. Retained personnel carry the alerters with them at all times.

★

Fire detection systems and security equipment has been ordered from MATHER AND PLATT ALARMS, for installation in 42 Woolworth Stores throughout the UK. Total value of this order will be over £750,000. A feature of this contract is equipment which links local fire and police stations to the alarm systems in the stores, via central stations. Mather and Platt Alarms is a Wormald International Group Company.

★

INTERNATIONAL COMPUTERS has received an order for a 2955 Computer valued at £475,000 from South Wales Switchgear, a member of the Hawker Siddeley Group. The 2955 Computer will replace a 2904 system at South Wales Switchgear's main office and works in Blackpool, Gwent, which will continue to run online production control together with financial and commercial systems on a 20 terminal network with three 7502 processors.

★

Century Newspapers, Belfast, has placed an order with HARRIS SYSTEMS, for a Series 90 copy processing system. The order, valued at over £400,000 is for a dual processor System 86 with 17 of the new H1700 series visual display terminals, two H2221 video layout terminals and two H7500 CRT phototypesetters. This will be the first installation of the new Series 90 in the UK.

★

A four-year index-linked hire contract worth more than £200,000 has been awarded to HARVEY PLANT, Lowestoft depot, by the East Anglian Shipping Company. It includes the supply of five Komatsu and Coventry Climax fork lift trucks ranging from 2 to 7 tons. The forklifts will be used for cargo handling at Lowestoft's deep water port.

★

The Ministry of Defence has awarded OTTERMILL, subsidiary of the Westinghouse Electric Group, an £180,000 contract for four kilometres of Uniduct busbar trunking system to be installed in the Royal Small Arms Factory, Enfield, Middlesex.

★

VICKERS CONTAINER AND PACKAGING MACHINERY, Crayford, has won a £107,000 order from Bowater Containers for a Gepfert SRE2Z print unit and sheet stacker. It is for Bowater Containers' plant at Hinckley, on which construction work has just begun, where it will be used in the manufacture of Bowfort heavy duty packing.

★

A contract has been placed with KONGSBERG MARITIME DIVISION, Aberdeen, by Shearwater Marine Aberdeen, for the provision of a further dynamic positioning system to be installed on the Shearwater Aquamarine. This has been done primarily to upgrade the existing system by the use of twin computers. Shearwater Aquamarine is a fully dynamically positioned vessel with four point self-mooring capability which operates the diving bell through an aereated trapezoid moon pool configuration.

★

DERRITRON ENVIRONMENTAL RECORDERS (formerly Hanbush) has an order valued at over £750,000 from Marconi Avionics for mission recorders to be used in the Royal Air Force's new fleet of airborne early warning Nimrod aircraft.

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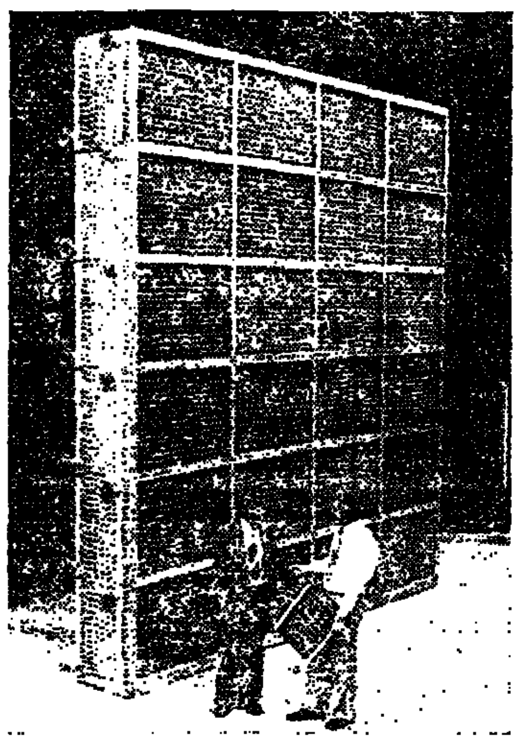
FINANCIAL TIMES SURVEY

Thursday October 8 1981

International Energy Management

High fuel prices and world economic trends have brought a startling fall in demand for energy. The theme now is intelligent conservation, in industry, the office and the home. The UK Government relies mainly on high prices to force savings measures, but it is also sponsoring the fifth Energy Management Conference, which opens in Birmingham today.




Two approaches to cheaper energy. Left: a 6-ton heat exchanger now installed in a Lincolnshire maltings, and (right) turbines driven by these geysers in northern California provide electricity for 14m people

Trends fail to follow the plan

By Ray Dafter
Energy Editor

ENERGY ANALYSTS are puzzled. They have been unable to calculate precisely the impact of various factors that have contributed to the startling fall in world energy demand.

The Organisation of Petroleum Exporting Countries, representing the leading group of oil traders, and the International Energy Agency, representing the Governments of the main oil-importing countries, face the same dilemma: they cannot calculate with accuracy how the present glut of crude oil has arisen.

Economic trends provide some important pointers. The prolonged world recession clearly has dampened the demand for heat and power. High prices, coupled with restricted domestic and industrial budgets, have forced many people to be more frugal; and energy management—the careful use of fuel together with a deliberate attempt to conserve it—has been a major influence on the easier supply and demand balance.

In 1973, just before the first big oil crisis, Exxon, the world's biggest energy company, was projecting that by this year the non-Communist world energy demand would be running at the equivalent of over 125m barrels of crude oil a day.

On the assumption that past growth trends would continue it was thought that by 1985 energy demand would rise to 162m barrels a day of oil equivalent (b/doe).

The downturn can be gauged from the latest estimates by the Bankers Trust Company. It reckons that this year demand should not rise above 95m b/doe, an apparent saving of around 25 per cent on the level Exxon originally projected. By 1985, says Bankers Trust, demand could still be only 106.5m b/doe — an impressive 34 per cent less than what might have been expected.

The oil market has seen dramatic changes in supply and demand. Non-Communist world production (which reflects the rate of consumption) has fallen from 45.3m barrels a day in 1973 to about 43m b/d in the first half of this year.

Falling demand has been particularly marked during the past 18 months or so, for in 1979 production had risen to a peak of 48.4m b/d, according to the Oil and Gas Journal.

Even more significant for future prices and supply security is the dwindling influence of OPEC. In 1973 its members were producing at a near-peak annual level of almost 31m b/d—nearly 65 per cent of non-Communist world oil consumption.

Output

Following Saudi Arabia's decision to cut its own output by 1m b/d from last month—an attempt to encourage Opec price unity—the output of the organisation's members has fallen to about 20.5m—21m b/d, the lowest level on an annual basis since 1968.

Latest estimates within the International Energy Agency further underline the changes that have confronted the oil industry. IEA member countries—essentially all of the developed nations except France—relied on net oil imports to meet about 35 per cent of their total energy needs in 1973.

The agency secretariat believes that by 1985 the share of oil imports in the overall energy balance could be down to less than 30 per cent. By 1990 oil imports could be accounting for only 23 per cent of IEA's primary energy requirements.

The changing picture results from a continued emphasis on oil exploration and production within IEA countries—particularly in the U.S., Canada, the UK and Norway—together with conservation measures and a switch from oil to other forms of energy.

A measure of these changes is the relationship of oil and energy demand to the economy as a whole. Energy use per unit of Gross Domestic Product in IEA member countries declined by almost 13 per cent between 1973 and 1980. Over the same period oil use fell by more than 19 per cent on the same basis.

According to Mr Fred Gorbet, director of the Office of Long-Term Co-operation and Policy Analysis within IEA, the changes indicated that oil users were achieving even greater efficiencies than energy consumers in general and that there had already been a substantial change-over from oil to other fuels.

Here, then, are some clues for the analysts trying to identify the fundamental changes in the energy market—changes that will continue to restrain demand when the world economy begins to pick up.

But even the changing relationships with GDP cannot be taken as a true indication of real improvements in energy efficiency. Some of the savings have been unique, a response to particular circumstances. Dr Subroto, the Indonesian Minister of Mines and Energy and president of OPEC, pointed this out at the Oxford Energy Seminar last month.

He said that the U.S. slump in petrol demand accounted for about 400,000 b/d of the decline in world oil consumption last year and that motorists were reducing their consumption in response to the big increase in petrol prices resulting from American deregulation of oil prices.

Demand had also been affected by concurrent changes in American car design towards smaller and more efficient vehicles. Both these developments had elements of a "one-time shift" in demand.

There had also been a 400,000 b/d decline attributable to a lower demand for naphtha resulting from the "sectoral doldrums" of the chemical industry, which had suffered more than industry in general.

Few—including Dr Subroto—would deny that there is still wide scope for better energy management, greater conservation and more vigorous fuel switching.

There are already regrettable signs that the oil glut and the current weakening of energy prices are fostering complacency among some consumers. The U.S. Administration's watered-down synthetics fuel programme is a case in point.

Mrs Jane Carter, head of the energy conservation division in the UK Department of Energy, believes that in industry alone there is still the potential for a 30 per cent saving in energy consumption.

Energy audit studies, carried out by the Departments of Energy and Industry, had shown that potential savings on 1973 energy consumption ranged from 12 per cent in the iron foundry industry to 40 per cent in the lead and zinc and cement industries and 80 per cent in the malting industry.

Speaking at a conference in London last week, Mrs Carter outlined the market potential for companies selling energy conservation technologies in the UK. In industry, new conservation measures with less than four years' pay-back on capital outlay could provide opportunities of between £2.3bn and £3bn.

In other non-domestic buildings the potential for investment in increased energy efficiency might amount to about £1bn.

In homes the remaining potential for the most cost-effective measures—loft and tank insulation, draught-proofing and cavity wall filling—amounted to over £3.5bn. Double-glazing, central heating controls and newer equipment—such as heat pumps, controlled ventilation and solar power—provided considerable additional potential for the growing energy efficiency industry, she said.

Despite these undoubted opportunities the UK energy conservation industry is far from happy. Many sub-contractors have been laying off staff. Only 60 per cent of the installed capacity of the insulation industry is now in use.

Incentives

Structural insulation manufacturers report that the volume of insulation material sold last year was some 20 per cent below the 1979 level and only 6 per cent up on 1978. This year the manufacturers have seen little improvement.

According to Mr Andrew Warren, director of the newly formed Association for the Conservation of Energy (ACE), some 500,000 homes a year should be treated with cavity wall insulation. At present the number is between 100,000 and 130,000 homes a year.

Mr Warren said that the public and industry needed greater incentives to invest in conservation and energy efficiency equipment. This meant the wider use of grants, loans and tax benefits. Building standards should be made stricter, he said, and building societies and banks should give incentives, through varying mortgage conditions, to owners of homes with a satisfactory level of insulation.

The Government's energy conservation policy is both simple and sparse. Energy Ministers have taken the line that high prices alone should provide enough incentive to conserve more energy. Emphasis has been laid on providing information and advice.

Mr Warren said this was not enough; he pointed out that in respect of energy savings in the home the UK Government spent far less than many of its EEC partners—more than five times less than West Germany or the Netherlands, for instance.

"Everyone is in favour of conservation, but it is something which is not wildly exciting," he said. "You don't open a well-insulated home with pomp and ceremony but you do when you commission a major energy provider.

"The emphasis is wrong. Conservation should be regarded as an important energy source in its own right."

This is likely to be a recurring message at the fifth national Energy Management Conference which opens today at the Birmingham National Conference Centre. The theme of the two-day conference will be: "Energy Conservation—the Key to Competitiveness."

CONTENTS

INTERNATIONAL ENERGY MANAGEMENT II

With energy costs accounting for a rising proportion of industry's expenditure, the availability of fuels and suppliers' pricing policies have become of vital importance. **Sue Cameron** looks at the prospects.

Gas: prices expected to move steadily upwards

INDUSTRIAL gas prices in nearly all the developed nations seem set to move steadily in one direction during the next few years—upwards. The question is how far and how fast they will rise.

The Netherlands has already raised the price of its export gas during the last year and both Algeria and Norway are demanding that their customers pay the same for gas as they would for crude oil. Meanwhile the Reagan administration in the U.S. is preparing to decontrol gas prices there.

Oil companies operating in the UK sector of the North Sea have started calling for the *British Gas Corporation—which* has a monopoly right to buy supplies—to pay at least 25p a therm for gas coming from offshore fields expected to be developed soon. Such a charge would put gas prices almost on par with those of crude. And they would mean a huge increase in British Gas costs.

The corporation currently pays as little as 5p a therm for some of its North Sea gas and the highest price it is so far thought to have agreed is 16p a therm for supplies from Mobil's Beryl field. The average price at which British Gas is renewing firm contracts with its industrial customers is currently running at around 29p a therm.

The price of gas to industrial consumers and—to a lesser extent—to domestic users in the UK has probably raised more heat during the last 18 months than any other single energy-related issue. The chief complaint has been that British manufacturers have been forced to pay higher prices for their gas than their competitors on the Continent or in the U.S.

Crisis

Certainly UK prices have risen steeply since 1979, when the Iranian revolution and the ensuing crisis in the world's oil markets brought about the "flight from oil" by consumers. Firm renewal price contracts have risen from 21p per therm at the end of 1979 to today's average of 29p. Domestic prices have shot up from 16.5p a therm to around 28p a therm during the same period.

Whether UK manufacturers have been paying more for their gas than their foreign rivals remains something of a *moot point. But even if industry's* arguments are correct, British manufacturers are unlikely to remain seriously disadvantaged in the longer term.

British companies have, for example, pointed to France as one country where industry has enjoyed better gas prices than in the UK. One reason for this, it was argued, was that the French charged industrial consumers less and domestic consumers more—the reverse of *what happened in Britain.* But the differential between prices in the UK has narrowed industrial and domestic gas dramatically over the past 18 months. Meanwhile the French are encountering problems of their own on the gas price front.

The French import liquid natural gas — LNG — from Algeria and since July they have been paying $4.28 per million British Thermal Units (BTUs) for it. But Algeria has actually been *billing* them for $6.11 per million BTUs — the equivalent of the crude oil price and equal to 32p a therm (at an exchange rate $1.84 to the pound).

Negotiations between France and Algeria are continuing. But if Algeria established its desired price, the demand of North Sea oil producers for a minimum of 25p a therm for gas from new condensate fields will begin to look moderate indeed. And although there is no world price for gas in the way there is for crude oil, international trading in gas means that if one exporting country manages to increase its price substantially there tends to be a domino effect around the globe.

Oil: refining companies making heavy losses

ONE OF the most dramatic influences on the industries of the developed world during the past decade has been the rocketing price of oil and of oil products.

Incredible though it sounds today, in the early 1970s the average world price of crude was around $2 a barrel. In the wake of the world oil crisis of 1973 and 1979 it has soared to some $35 a barrel.

During 1981 crude price increases have moderated somewhat. *The reason for this* has been the world oil glut. Saudi Arabia has maintained output at high levels in an attempt to impose greater price unity on the Organisation of Petroleum Exporting Countries (Opec).

The developed nations, following the shortages and threats of shortages in 1979, have meanwhile been cutting back on oil consumption by switching to other fuels and adopting conservation *measures.*

The recession in the West has also led to a sizeable if short-term drop in demand for oil—particularly for the heavier grades. This has intensified the effects of the world crude surplus and has wrought havoc with Europe's refining industry.

Most of Europe's major refining companies incurred heavy losses during the first half of 1981 and many refineries have been running at under 60 per cent of capacity—far too low to be profitable. It is not only the overall fall in demand for oil products—often exacerbated by unfavourable movements in *the value of local currencies* against the dollar—that has hit European refiners; there is also the changing pattern of demand.

The UK provides a prime example of the altered demand profile. Between May and July this year sales of petrol in the UK fell by 0.7 per cent compared with the corresponding period of 1980. But consumption of fuel oil—used by industry to raise steam for powering its plants—slumped by a swingeing 25.2 per cent.

Sales of fuel oil in Britain have been harder hit than those in most Continental countries because there has been a *particularly marked* switch from oil to coal in UK power stations. But the overall pattern is the same throughout Western Europe.

The major oil companies believe the present trend towards lower heavy fuel oil consumption is a long-term one, if only because there are alternative fuels for use by industry and in electricity generation whereas it is much harder to replace petrol and some of the other lighter oil products used to power transport.

Squeezed

As a result European refiners have massive overcapacity in basic distillation. Yet they know they are going to need new plant to upgrade heavier products into lighter ones and so *meet future demand*—and the capital cost of investing in these *is considerable.*

The oil companies have therefore found themselves squeezed on two fronts—reduced profitability allied to greater capital spending. Their reaction has been to raise the prices of nearly *all their oil products—despite* the difficulties of explaining to customers why prices are going up at a time when demand is down and supplies are abundant.

Petrol has sometimes been an exception to the general rule—notably in the *UK this summer* where a new price war has broken out at the pumps and the oil majors have been forced to reintroduce price support for their dealers. The petrol price war has been caused by a number of things, among them the ability of smaller independent companies to undercut their bigger rivals and the determination of the major groups to maintain their market shares at a time of falling demand.

A similar pattern could establish itself in other oil product markets but it is much less likely to do so. For one thing, industrialists cannot usually afford to be as cavalier in their attitude to suppliers as motorists can to their local garages.

In the short term at least, therefore, the outlook is likely to be for yet further increases in the prices of the oil products most used by industry.

Power: charges bring protests

ELECTRICITY PRICES in the UK have brought strong protests from manufacturers during the past year or so on the grounds that power charges in Britain are *far higher than* those in some Continental countries and in the U.S.

Official studies of comparative electricity prices have tended to prove UK manufacturers right. *It was found,* for example, that some 95 per cent of UK industrial electricity customers were paying prices broadly in line with those on the Continent—but the remaining 5 per cent of customers accounted for *50 per cent of the electricity* used in volume terms.

Large high-load factor users—the load factor represents the time over which a consumer's maximum offtake is spread—were shown to be paying substantially more than their competitors in some Continental countries, notably France and West Germany. The differentials ranged between 10 per cent and 35 per cent.

Yet international comparisons of electricity prices can often be even more fruitless than those of oil product or gas prices. For a key factor in national electricity pricing is the *source of power generation.*

France, for example, has been building up its nuclear power generation capacity and this has done much to help restrain electricity prices. Other countries, like Norway, enjoy the benefits of comparatively cheap hydroelectric power. Meanwhile, against a background of rising heavy fuel oil prices, power generation in the UK has become steadily more dependent on coal and coal *pricing.*

Factors

The outcome of miners' wage negotiations and the success of the National Coal Board's investment programme plus its plans for phasing out unecomonic pits have therefore become crucial factors in UK electricity pricing policy.

A survey of 12 countries, carried out by the U.S.-based National Utility Service (NUS) group, an energy pricing consultancy, found that in the spring of this year UK industrial electricity prices per unit were higher than those anywhere else except Belgium. At the time NUS commented that UK industrial electricity prices would remain high until Britain accelerated its nuclear power programme.

Yet the NUS survey showed that a number of other countries —including Belgium, Italy, Australia and the U.S.—had all increased their prices to industrial consumers more steeply than Britain during the year ending April 1981.

Coal: heralded as fuel of the future

COAL PRICES have roused far less emotion over the past year or so than have those of oil, gas and electricity—even though coal has become considerably more expensive.

The 1973 oil crisis led to spot market coal prices leaping from around $23 a tonne to $38 a tonne. But they then quickly dropped back again and it was not until 1978—just before the second world oil crisis—they again reached the $38 a tonne mark.

Following the Iranian revolution and the ensuing turmoil in the world's oil markets, coal prices again rose sharply and by the end of 1979 they had hit $49 a tonne on the spot market. By the end of last year they were on their way up to $75 a tonne.

Yet coal, that most traditional of fuels, is today being increasingly heralded as the energy source of the future. Both the U.S. and some European countries have substantial reserves and it is argued that supplies from other major exporters such as Australia and South Africa are more reliable than oil coming from the Middle East. Moreover, considerable amounts of money are being spent on the development of the technology that can turn coal into synthetic gas, oil and even petrochemicals—on an economic basis.

Yet despite the potential for replacing other forms of fuel and power with coal and despite the recent and comparatively sharp price rises, there is no strong evidence to suggest that coal charges will spiral upwards as those for oil have done.

Although the two world oil crises had a decided if short-term impact on world coal prices, coal is still valued at around half the price of heavy fuel oil on a per thermal unit basis. This means that even allowing for the extra cost of transporting and using coal compared with fuel oil, the differential is extremely wide and shows little sign of narrowing significantly.

So far, coal prices have apparently been influenced much more by the state of the coal market than being directly linked to the oil market. This is in marked contrast to gas, for example, where prices are being increasingly affected by the world cost of crude oil.

One reason for the recent rise in coal prices, for example, has been *the* political troubles *in* Poland. Exports to European Economic Community countries from Poland fell to 1.1m tonnes during the first four months of this year—75 per cent lower than in 1980. The U.S. miners' strike, which *lasted for just* over 10 weeks, also acted to push up prices.

But influences like these tend to be short-lived, whereas the long-term one of the problems involved in industrialists switching from oil or gas to coal is the usually substantial capital cost required.

Vast market for equipment waiting to be tapped

ROUGH AND READY estimates within the London Chamber of Commerce and Industry suggest that the UK market for energy conservation equipment and services could be worth at least £1bn a year.

Given that the UKs primary energy consumption — the equivalent of 204m tonnes of oil last year—represents only 4.3 per cent of total non-Communist world energy demand, the worldwide scope for the energy efficiency industry could be worth over £20bn a year at today's prices.

In February, when the London Chamber launched a scheme to boost sales of companies involved in energy conservation, it was stated that Western countries were expected to invest £10 trillion (million million) on conservation and equipment needed for a switch from oil burning to coal burning.

The figures, though, are the outcome of little more than intelligent guesses. The market for energy conservation equipment and services is known to be vast but no analyst has yet managed to quantify future spending with any sense of confidence.

There are pointers, Whitehall officials, for instance, reckon that in the UK there is a £1.3bn market for oil-to-coal boiler conservation schemes with pay-back periods of under five years. Earlier this year the Energy Department estimated that sales of new and replacement boilers (including ancillary services) were running at between £100m and £150m a year whereas the potential market was thought to be nearer £350m-£400m annually.

In an effort to speed this conversion programme the Government recently committed £50m in grants over two years to encourage industrial companies to switch their boiler fuel from oil to coal.

The Department of Industry's Energy Conservation Scheme—which in a two-year period up to last summer provided between £20m and £25m towards the cost of boiler replacement, insulation and combined heat and power projects —*indicated that for an average* investment of £100 it is possible to increase coal consumption by one tonne a year, and reduce oil demand by a corresponding amount. This year the National Coal Board has been processing —at any one time—about 1,000 inquiries from UK industrialists who are considering switching from oil to coal for their fuel.

But it is one thing to identify the boiler market and to extrapolate the potential for fuel-switching and quite another to tot up all the investments that may be made by energy users

Conservation hardware

RAY DAFTER

to the benefit of conservation and greater efficiency. What proportion of the cost of a new car or a new home can be *ascribed to energy conservation?* Even modernisation programmes which seem primarily designed to save energy have other beneficial results.

Take the case of oil refineries — among the most fuel-hungry production plants to be found in any industrial complex. Fuel may account for up to half of total refining costs. Without exception refiners have been forced by high oil prices to improve their production efficiency. Shell, for instance, *has devised a system called the* Corrected Energy and Loss Index System (CEL). The index relates the energy use of an *actual refinery to a hypothetical* plant operated at a 1972 (pre-crisis) average energy usage.

On the basis of the CEL system, 33 Shell refineries outside North America achieved an average saving of about 20 per cent over the 1972-80 period. This represented a saving of some 2.5m tonnes of fuel a year. The savings were achieved in the following ways: 40 per cent — lower fuel consumption in process furnaces; 24 per cent — lower hydrocarbon losses; 14 *per cent — lower steam con*sumption in process units; 10 per cent — lower steam consumption in tank farms; 10 per cent — less steam supplied to auxiliary units and buildings; 2 per cent — more efficient firing of boilers.

It is difficult to define where energy conservation ends and general progress begins and *almost impossible to identify the* true energy efficiency industry.

Again there are only pointers. The London Chamber, along with the Energy Department and consultants Cambridge Information and Research Services, *have identified more than* 1,500 UK companies making energy efficiency equipment and a further 1,000 companies providing conservation consultancy services. It is further reckoned that there are at least 30 trade associations with interests in the fragmented energy efficiency and conservation fields.

One of the latest bodies to emerge is the Association for the Conservation of Energy (ACE), an organisation designed to add greater lobbying power to the supporters of conservation (and the manufacturers of equipment and insulation materials). The *initial sponsoring companies in* ACE are Cape Industries, Honeywell Control Systems, Kleeneze, and Wimpey Laboratories *although Mr Andrew* Warren, the director, promises a much wider membership in future. ACE will need to broaden its membership if it is to be taken seriously as a *representative of the conserva*tion industry.

Energy Department officials also have been looking at ways of adding some focus to an *industry whose scope ranges far* and wide—from the provision of advice and the installation of monitoring and control equipment on *the one hand,* through the whole selection of insulation materials, to the manufacture of such capital items as heat pumps, fluidised bed coal combustion units, boilers, combined heat and power packages and heat recovery systems. (The Energy Department believes that the heat recovery market in the UK could, in itself, be *worth at least £1.5bn.)*

The initiative of the London Chamber, with the encouragement of the Energy and Trade Departments, was a start in identifying both the scope of the industry and its market opportunities at home and abroad. There has also been talk in Whitehall about the possibility of creating a body *similar to the Offshore Supplies* Office, which was established to ensure that UK supply companies win a greater share of the orders connected with North Sea Oil exploration and development. Judging by the current ordering pattern—well over 70 per cent of contracts (in value terms) now go to UK companies —the Offshore Supplies Office has been successful.

A similar body—the Energy Equipment Supplies Office, for instance—might be equally *successful in carrying the banner* for conservation, energy efficiency and fuel switching. But in the present free-enterprise, non-interventionist mood of the Government, it seems extremely unlikely that such a body would be created.

But maybe such a body has been created. In August the trade association known originally as the Council of British Manufacturers of Petroleum Equipment, and later somewhat confusingly as CBMPE, changed its name to the much simpler Energy Industries Council.

The council, representing about 400 companies, is plan*ning to develop its work related* to the identification and promotion of British expertise in the broad energy efficiency industry. *Significantly its new director is* Mr Ronnie Curtis, who until recently was director-general of the Government's Offshore Supplies Office.

More companies look for big savings

DEVELOPMENTS in micro-processor technology over the past decade have coincided with the need for more accurate control and monitoring of heating and lighting systems.

As a result more and more companies and organisations are applying advanced electronic controls to their energy systems and achieving some substantial savings.

At the same time there is still a need for more accurate control systems in the home to prevent wasted hot water or lighting. Some energy conservationists believe that savings achieved by improved monitoring and control of energy in the home can effect economies comparable to the increased use of insulation.

It is in industrial and commercial applications that micro-processors are most in demand. However, ICI, for example, which uses a microprocessor control system at its chemicals plant at Wilton on Teesside, claims it was able to recover its investment—some £22,000—in less than two weeks of use and has achieved an annual energy saving of more than £240,000.

ICI's use of microprocessors at Wilton derives from its energy conservation programme begun in the mid-1970s. To handle the large volume of data involved in monitoring all the major energy sources, a special computer terminal was installed. This monitoring system enabled the company to trim at least £150,000 a year for three years from the energy budget.

The next step was to instal a micro-processor for on-line monitoring. Cost considerations determined the use of a local plant-based system rather than a centrally-based system. The micro-processor reads the outputs of up to 64 instruments

Electrical monitoring

DAVID CHURCHILL

and converts them to familiar units such as degree of temperatures or tonnes an hour.

Plant operators were instructed in the significance *of the various displays,* logs and summaries which the micro-processor can provide. Using the information with *their own operational* knowledge enabled them to make the best use of systems

The supermarket chain J. Sainsbury has also installed a micro-processor system for efficient energy use in some of its stores. Sainsbury's energy costs are about £7m a year and the computer system is intended to ensure that the energy used for heating, lighting, ventilation and refrigeration is not wasted.

Each of these systems can operate independently because the computer information is distributed throughout the building. But each separate unit can communicate with a central control when necessary.

Ultimately, Sainsbury hopes to link its fire and security alarms into the system and to extend the monitoring functions to pumps, dampers and the measurement of heating boiler efficiencies

The advent of micro-processor controls has been important in maintaining the energy sav*ings achieved in the first flush* of enthusiasm for conservation in the mid-1970s, especially at the Bristol factories of Rolls-Royce.

Rolls-Royce found that after it had made significant energy savings in the mid-1970s its staff and shop-floor workers began to relax about energy conservation. "The need was for a *system with a finer degree of* automatic control than we currently had," says Rolls-Royce.

Since the company was already using micro-processors extensively in other fields its decision to use electronic control of energy use was a natural progession. The system comprises "outstations" strategically placed throughout the plant and connected to sensing devices and control equipment which monitor performance against pre-set parameters.

*Signals are passed to a cen*tral console only when a change occurs outside the established limits or when the console itself demands a response. Among the many parameters that can be measured and controlled by the micro-processors are temperature, vibration, contamination, corrosion, gas leakage, and excessive noise.

The market for energy control systems is worth over £80m a year according to market research carried out by Satchwell Control Systems, which claims to be the largest manufacturer of such equipment in the UK.

Satchwell offers a number of different systems designed for a particular company's needs. The optimiser, for example, is an advanced electronic programmer which senses the environmental conditions both inside and outside the building and computes the optimum time at which to switch heating, ventilation and lighting on and off.

Independent tests carried out by the Department of Environment show that such an optimiser can achieve savings of up to 25 per cent with energy systems already fitted with automatic controls. With less efficient control systems savings of up to 50 per cent were achieved.

Thermal standards increased in proposed regulations

A SIGNIFICANT step towards improved long-term energy saving in industry and the home will be taken when Parliament reassembles later this month.

Mr Geoffrey Finsberg, Parliamentary Under-Secretary of State at the Department of Environment, proposes to lay before Parliament new thermal insulation standards for new buildings and alterations to existing buildings.

The move follows extensive review within the building and related industries which, Mr Finsberg says, have "generally welcomed" the new regulations.

There will be four main provisions in the new regulations:
1—The roofs of domestic buildings are to be insulated to achieve a "U-value" of 0.35. "U-values" are the measurement of thermal insulation. Generally, the lower the value the better the insulation.

Present regulations require the roofs of dwellings to be insulated to a standard of 0.6. About 50 mm of the most commonly used insulating materials are needed to achieve the 0.6 standard. To achieve the new value of 0.35 will call for 100 mm of insulating material.
2—The walls of domestic buildings are to be insulated to achieve a "U-value" of 0.6. At present the walls of dwellings have to achieve a "U-value" of 1.0, which often means that no special insulation is needed. The new value of 0.6, however, will mean that insulating materials will have to be used.
3—Space and water heating systems in non-domestic premises will have to be fitted with controls designed to save fuel. The Environment Department estimates that the payback period for fitting such controls will vary between "10 months and 11 years," depending on the type of premises and systems used.
4—Pipes, ducts, and storage vessels in all premises are to be insulated. The Department estimates that the cost of meeting this requirement should be recouped over periods between eight months and three years.

Although these changes in the building regulations are generally welcomed there is still some criticism that the regulations in Britain do not encourage design innovation. There is still a tendency for the rules to rely on the specification of the thermal properties of building components, which can hinder the development of such techniques as passive solar energy.

Insulation

DAVID CHURCHILL

Designers believe that the regulations should regard buildings as part of an energy system based on a structure's efficiency in terms of energy conservation. This approach, which is already adopted in the U.S., gives architects and designers much more scope to demonstrate their innovative skill.

At a more practical level the Government has maintained the level of domestic grants available for loft insulation. Householders or tenants can apply for a grant covering 66 per cent of the cost of loft insulation up to a maximum of £50. The Government hopes to hand out about 700,000 of these grants each year until 1988, leading to fuel savings estimated at £100m a year.

Elderly people with low incomes are eligible for a 90 per cent grant for loft insulation up to a maximum of £90.

However, there is some feeling among consumer groups that the loft-insulation grants have been widely abused by irresponsible "cowboy" installers. In the West Midlands, for example, trading standard officers found that four-fifths of the lofts inspected had been inadequately insulated.

The National Association of Loft Insulation Contractors urges householders to employ only approved members to avoid being defrauded.

There are many different methods of loft insulation and Association members will recommend the most suitable product or system for a customer's particular need and advise him on all aspects of loft insulation.

Members carry out both manual and automatic loft insulation systems throughout the UK. Only those companies whose products and processes are covered by the British Standard for loft insulation materials, or possess an agrément certificate are eligible for membership.

About 25 per cent of total heat loss may come from the roof of an uninsulated house, making loft insulation an economic investment. It costs about £90 to insulate the average three-bedroomed house, and with savings at an estimated 17 per cent, against an annual fuel bill of perhaps £300, the initial cost can be recovered within a few years.

Outer walls often account for about 35 per cent of total heat loss. Once insulated, about 75 per cent of this loss can be saved and fuel bills can be cut by about 25 per cent.


A two-man team pumps cavity wall insulation into the brickwork at a factory in East Anglia.

A typical semi-detached house, with 100 sq yds of cavity wall area, could cost from £250 to £550 to have cavity wall insulation fitted, depending on the type of material used.

Cape Insulation has just introduced a new advanced system of cavity wall insulation using blown mineral fibre. Known as "Blofil Plus," it is claimed to be quicker to instal and to require much smaller injection holes than other cavity wall systems.

ICI has gone a step further and launched an integrated package of house heating which, it claims, cuts the cost of space heating by electricity by about 40 per cent. Called the "Flexel heat pack," it brings together easily controlled radiant ceiling heating and standards of insulation "well in excess" of the present building regulations, says ICI.

It can be installed for about the same cost as a conventional central heating system, the company claims.

World tries to cut oil dependence

A MAJOR structural change is under way in the West's energy markets as nations try to reduce their dependence on high-priced oil from the politically volatile Middle East.

Just how much of a movement there is from oil to other fuels is hard to judge in the middle of a recession. The sharp fall in demand for oil products seen during the past two years has been due in part to lower economic activity.

Private, and very tentative analysis by British Petroleum suggests that about half of the fall in last year's oil demand below the pre-1973 growth trend may have been due to the recession and about one quarter each to conservation and substitution.

The world's dependence on oil is very much a post-war phenomenon. During the 1930s Western Europe relied on its own coal for about 90 per cent of its energy demand. The opening up of plentiful new supplies of crude in the Middle East changed all that, ushering in an era of cheap oil which fuelled the West's rapid post-war economic growth.

That era in turn ended with the 1973-74 oil crisis, when the price of crude quadrupled, and the final nail was hammered home by the sharp price increases which accompanied the Iran revolution of 1979.

According to the International Energy Agency, the share of oil in energy use fell by 8.6 per cent in Europe between 1973 and 1979. In North America, with more indigenous supplies and a tradition of cheap oil, there was no corresponding drop though this has begun to happen during the past two years.

In the UK, oil has recently lost its position as the largest single primary source of national energy. In 1979 Britain consumed the energy equivalent of 356m tonnes of coal, of which oil provided 39 per cent and coal 36 per cent.

The Department of Energy's latest figures show that in the three months from May to July Britain was using energy at an annual rate of 319m tonnes of coal a year, with oil providing 35 per cent and coal 38 per cent of this smaller pie.

Against this background of structural change, what are the main markets served by the most important energy forms and how are they likely to alter over the next few years?

● **Oil.** Predictions about the future price, availability and demand for oil have a habit of proving embarrassingly inaccurate but the general feeling in the industry, is that non-Communist oil demand, which dropped from 51.5m barrels a day in 1979 to 49m b/d last year and is down to 47m b/d this year, may rise again to around 50m b/d by the mid-1980s as the world comes out of recession. That could make the supply/demand balance sufficiently precarious for slight disturbances to trigger off a new oil crisis.

Energy markets

MARTIN DICKSON

Meanwhile, the pattern of demand for oil products has been changing drastically.

There has been a sharp drop in demand for fuel oil—the so-called heavy end of the barrel—which is used by power stations and in industry. The substitution of other, cheaper fuels has gone furthest here.

The trend towards a lighter product mix will be more pronounced in future, with petrol, diesel and aviation fuel increasing their percentage share of the total market. It is far more difficult to find substitutes for these fuels.

Oil accounted for 23 per cent of the fuel used in electricity generation in IEA countries in 1973. By 1979 this had dropped to 18 per cent and by 1990 it is expected to be down to 10 per cent.

IEA industry consumed 428m tonnes of oil in 1973, 41 per cent of its fuel needs (including feedstock). This rose to 435m tonnes in 1979 (a virtually unchanged 42 per cent), with a fall in Europe being offset by increased use in the U.S.

In transport, however, the trend is steadily upwards. IEA consumption by this sector rose from 634m tonnes in 1973 to 701m tonnes in 1979 and a further rise, to 758m tonnes, is expected by the end of the decade.

● Gas: About 85 per cent of current world natural gas consumption is concentrated in just 10 countries. In order of magnitude they are: the U.S., the Soviet Union, West Germany, Canada, the UK, the Netherlands, Romania, Italy, Japan and France. The U.S. and Soviet Union account for over 60 per cent of the total.

Gas consumption is expected to grow substantially this decade, from about 54 trillion cubic feet now (equivalent to about 41 per cent of world oil consumption) to about 70 trillion cubic feet by 1990—a rise of some 30 per cent. This increase will mean major growth in the international trading of gas, either by pipeline or in liquefied form.

At present about 25 per cent of Western Europe's gas consumption is for the generation of electricity at power stations, about 40 per cent is used by industry and some 35 per cent by the residential sector.

These proportions should change substantially. It is now considered profligate to burn a clean, premium fuel such as gas in power stations and the EEC placed a ban in 1975 on new gas-fired electricity plant. The IEA wants to encourage the substitution of gas for oil in the residential sector and in economically efficient industrial uses.

In the UK, industry's share of the market has risen dramatically on the strength of production from the North Sea: In 1970 British Gas sold 60 per cent of its supplies to the domestic market and 20 per cent to industry. It currently sells about 50 per cent to residential customers, 12 per cent to commerce and 37 per cent to industry.

This position is not expected to show much change over the next few years.

● **Coal.** Consumption of steam coal, used under boilers or for direct heating, is expected to grow dramatically over the next 20 years.

Electrical utilities are seen as the driving force for this expansion as they move from oil and gas firing to coal and nuclear: The World Coal Study, a 16-nation report published last year, forecast that coal use in power stations among OECD countries could rise from 600m tonnes a year to 1.3 to 1.8bn tonnes by the end of the century.

One of the biggest unknowns is how great a switch there will be to coal among industry generally. Industry's use of the fuel declined sharply after 1960 and currently accounts for a mere 9 per cent of total OECD coal use. The trend has begun to reverse in certain industries — cement, for example, is switching back strongly to coal.

Some countries have introduced financial packages to assist the movement. In the UK the Government has allotted £50m for grants to help companies switch to coal from oil.

● **Electricity:** The potential for substitution between energy forms does not apply nearly so strongly to electricity as it does to other fuels. Electricity is relatively expensive for heating purposes, limiting its competitiveness with coal or gas, but it can also perform functions which these fuels cannot.

All this means that demand for electricity is likely to be more stable. Growth for the remainder of the decade is expected to be fairly slow as the world slowly climbs out of recession, but may pick up more strongly in the 1990s.

In the UK the domestic market currently accounts for about one-third of sales, with commerce taking 16 per cent and general industry about 36 per cent. The iron and steel and chemicals sections are the heaviest users.

QUARTERLY OIL CONSUMPTION IN THE OECD; 1980-81 ESTIMATES
(mbd)

	Q1	Q2	Q3	Q4	Year
1980	41.1	35.7	35.1	38.1	37.5
1981	37.7	33.7	33.9	37.3	35.7
% reduction in consumption	8	6	3	2	5

Source: IEA.

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INTERNATIONAL ENERGY MANAGEMENT V

Increasing demand for heat pumps

VAST AMOUNTS of heat which could be put to good use are wasted daily in factories and office buildings across the land. It is generated by machines making goods, by lighting systems and by human bodies.

This heat can now be tapped using heat recovery devices—a growing part of the energy hardware market.

The principle is simple: the heat is redistributed around the building from areas that are too hot to areas that are too cold, or is used to warm cold incoming air. This means that conventional heating plant only has to come into operation to meet peak loads in cold weather, giving a substantial saving in fuel.

The heat pump is the recovery device which probably creates most excitement. In crude terms this operates like a refrigerator in reverse, transferring heat from a low grade temperature source and raising it to a higher temperature for use in space heating or to heat water. Its energy saving potential arises because it produces more useful energy than it consumes.

The concept is not new. Experimental heat pumps were installed in the UK as long ago as the 1920s but it has been only in recent years, with higher fuel prices and public exhortations to save energy, that interest in them has been reawakened.

The electricity supply industry has quickly recognised the potential for the electric motor driven heat pump to challenge conventional gas-fired systems for lower temperature heating. Electrical units have been available commercially for several years.

More recently gas engine heat pumps have started appearing, with the German utility Ruhrgas playing a major role in their development. In the UK, Ford has developed a compact 1.6 litre engine for industrial use to run on petrol, LPG or natural gas.

A gas engine heat pump will have an inherently better performance than an electric one by virtue of the fact that it can tap the heat of its own exhaust and cooling water as well as naturally-occurring warmth.

However, as the authors of a paper on heat pumps to the Institution of Gas Engineers pointed out last November: "The importance of the electric heat pump must not be underestimated. It may enable the electricity supply industry to increase its market share, by virtue of more than halving the electricity costs to the customer for a given heating duty. This goes a long way towards narrowing the gap between fuel costs on electrically-heated plant and conventional gas-fired plant."

Heat recovery

MARTIN DICKSON

Whichever form of energy is used to drive the machine, the relatively high capital costs of a heat pump mean that at present fuel prices it is not likely to be widely used for domestic space heating in the UK.

It makes most economic sense when there is a readily available source of waste heat or when the user needs to both heat and cool a building. Heat pumps which use the outside air as a heat source can be reversed, by means of a four-way valve, so that they perform the dual function of heating a building in winter and cooling it in summer.

In some cases the two can be used together. In Germany, for example, a number of gas-driven heat pumps have been installed in leisure complexes to heat swimming pools and simultaneously chill ice rinks, and in dairies to provide hot water for process use and chill water to cool the milk.

In the UK heat pumps have made greatest inroads in the commercial premises market, with several large chain stores now using them.

Swimming pools are also a substantial market. Electric heat pump systems have been installed at about 100 UK pools. According to the Electricial Council, energy savings of 75 per cent are predicted for a recently-completed installation at Eastbourne, enabling capital costs to be recovered within three years.

Indoor swimming pools have to be maintained at a comfortable temperature for swimmers. But this creates humidity, which has to be removed. In a normal, boiler-fired system, the solution is ventilation, with large volumes of air being blown through. But this air is usually too cold for comfort and has to be heated before entering the pool area.

By using a heat pump dehumidifier, the moisture can be removed direct, greatly reducing the volume of air going through the pool hall. Furthermore, the heat absorbed by the pump while dehumidifying is more than enough to heat the small amount of outside air still needed—and some remains to heat the pool water.

Applied to industry, the heat pump can be used for space heating and cooling and, up to a point, as a means of generating process heat, particularly where there is a need for cooling or refrigeration. The dairy industry is one example, brewing is another.

There is also a large potential market in process drying. The Electricity Council's research centre at Capenhurst, Cheshire, which has done a great deal of work in this field, reckons heat pumps could save more than £250m a year in the UK, or 1.25 per cent of Britain's current energy consumption, if they were used in industrial drying processes across a range of industries, from the timber and paper trades to sugar refineries, chemical plants and brick works.

Capenhurst has developed a closed-cycle heat pump — intended primarily for timber drying — with a condenser operating at 90 degrees C, enabling drying to be carried out at air temperatures of up to 80 degrees C — a substantial improvement since this is regarded as the threshold temperature for the wider use of heat pumps.

The first commercially-used heat pump of this kind was commissioned at the Boroughbridge, North Yorkshire, sawmills of John Boddy and Son late last year. Other industries where this pump could be used for process drying are latex rubber, building materials, textiles and confectionery.

However, to secure a much wider industrial market the pump needs to be incorporated into a cycle of recompressing super-heated steam at temperatures between 120 degrees and 150 degrees C. Capenhurst is now trying to solve this problem.

Heat pumps are perhaps the most glamorous of recovery devices, but they are far from being the only ones. Others include:

- The thermal wheel. This is a rotating wheel containing a retentive heat medium which turns at about 10 rpm between a hot exhaust air stream and the cold, incoming air duct. Heat is transferred from the outgoing, stale air to the new.
- Heat pipes. This is a heat superconductor useful for transferring energy between two points. It consists of a sealed, evacuated tube containing a fluid. Heat applied at one end causes the fluid to vaporise and it flows to the cooler end, giving up its heat by condensing.
- Heat exchangers. In the water-to-water plate heat exchanger pressurised hot and cold fluids are directed in counterflow thin streams through alternate metal partitions, consisting of a pack of gasketed metal plates. The hot fluid surrenders heat to the cold. An air-to-air exchanger similarly consists of an arrangement of parallel air paths.

Equipment manufacturers report a growing appreciation in commerce and industry of the potential cost savings from devices such as these. But the market is not expanding as fast as energy officials would like. Mrs Jane Carter, head of the Department of Energy's conservation division, told a recent conference that industry's investment in conservation could be greatly expanded.

A recent study had found that a high proportion of companies had made energy savings by means of better use of existing plant and minor energy-related alterations. Rather less than a third had undertaken major energy-related investments.

Original ideas publicising the energy cause

PUBLIC INTEREST in energy conservation is being sustained by a catalogue of glittering prizes for good housekeeping and original ideas being offered by utilities, oil companies, Government, industry and the professions.

It is difficult to measure accurately how much energy has been saved as a result of all these schemes. Nevertheless, there is no doubting their effectiveness in publicising the cause of energy efficiency in many sectors of society.

This article lists six of the better known prizes, but it does not claim to be comprehensive. They have nearly all come into being in the past four or five years and, according to the Energy Department's conservation division, there is still room for one or two more. However, the Department wants them to cover ground not covered by the existing awards.

The UK Energy Managers' Award, presented yearly at the energy managers' conference at the NEC, Birmingham, was begun three years ago and is sponsored by Powrmatic, Europe's leading manufacturer of warm air equipment in association with the Energy Department.

A top prize of £500 goes to the manager who has carried out the most effective efficiency scheme in his company in the previous 12 months. The company receives a trophy and there are two £250 runners up prizes. Last year's champion was Ted Katynka, of Imperial Chemical Industries' petroleum division.

With about 30 energy managers a year taking part, the scheme is not yet as strongly subscribed as the organisers would like. This year's competition is being co-sponsored by NIFES (National Industrial Fuel Efficiency Service).

The Gas Energy Management (GEM) awards, sponsored by British Gas, started six years ago, are the most widely-publicised national scheme. They cover projects in industry, commerce and public administration and by last year, the corporation said, 258 entries had achieved savings amounting to more than 80m therms a year, enough to serve a city the size of Bradford or nearly 1,000 average industrial or commercial gas users.

British Gas is also associated with the competition run by the **Royal Institute of British Architects** to encourage the design of energy-efficient buildings. In last year's competition, entrants had to consider the problems of a Victorian country house near Cheltenham which had been converted into a hotel.

A scheme to encourage more efficient lighting has been run for the past five years by the **Lighting Industries Federation**, in association with the Energy Department, Electricity Council, the CBI and TUC and about eight other co-sponsors. Called the EMILAS award, it is attracting growing interest — last year there were 257 entrants, compared with only 57 in 1977.

In all, EMILAS has attracted about 600 entrants and the Federation claims that their various schemes have cut total lighting consumption by 68m kilowatt hours a year, worth £2.5m.

The Federation has no idea how much its members have benefited from it in terms of sales but compared with the scheme's costs—£10,000 to £15,000 a year—the savings claimed are obviously impressive.

Prize awards

MAURICE SAMUELSON

Local government now has its own energy conservation awards, presented for the first time last month. Entitled the TEAM award, it is sponsored by Tesco on behalf of LAMSAC, the local authorities' umbrella body.

More than 100 projects were submitted by 50 councils in the first year to a judging panel formed with representatives of the Energy Department, Tesco, local authorities, the Watt Committee on Energy and private consultants. One of the six winners was Shrewsbury and Atcham borough council for a heat retrieval system in a swimming pool which had saved nearly £30,000 in less than two years.

Scientists are the target of the international **Energy Research Prize** launched two years ago by British Petroleum. In all, about £400,000 is being presented in grants and prizes. In the UK, awards to support research programmes totalling £50,000 will be made available, in addition to other prizes awarded to overseas researchers.

An independent panel is now trying to select the winner for BP from the three semi-finalists among the 109 original UK applicants. Individual winners will also be named in a further eight countries. The UK winner is expected to be chosen early next year and the international finalist next July.

The work of one of the three UK semi-finalists has already aroused comment in the scientific Press—this is a reactor growing algae biomass by a process of photosynthesis. Another of the semi-finalists has researched cheap plastic coatings for windows which are said to admit light while retaining heat. If successful it could cause a flurry among double-glazing contractors.

The importance of making children energy minded is recognised in the Department of Energy's **National Schools' Competition** which this year is being sponsored by Conoco.

INTERNATIONAL ENERGY MANAGEMENT VI

Managements fight the spectre of rising costs

Energy auditing

DAVID CHURCHILL

FOR MANY companies the 1970s will best be remembered as the decade when energy consumption moved from being a low-cost to a high-cost component in the accounts.

For the generation of managers who began work in a low-cost energy economy, such a shift has been of massive proportions. Even now, many managers refuse to grasp the implications fully.

Yet attitudes over the past few years have been changed by the application of sound management methods to meet the impact of soaring energy costs. The management method from which companies and whole industries have been able to draw most comfort has been the auditing approach to energy costs.

By applying internal audit techniques to the problem of energy conservation and carrying out an operational—as opposed to financial—audit, it has been possible to implement a number of simple measures to achieve substantial immediate savings.

In companies where a tight control of energy consumption has been lacking, for example, an energy audit has led to cutbacks in energy use of about 10 per cent in the short term, with minimal capital expenditure or payroll costs.

If energy represents about 5 per cent of costs, as it has done in many manufacturing industries, then a 10 per cent saving would give a cost reduction of 0.5 per cent. In terms of profit this can make a significant difference to a company's annual results.

The importance of energy audits is such that, without them, companies cannot really start to make any effective progress in meeting higher energy prices. The prerequisite of an energy audit, however, is that the company must be willing to adopt a realistic energy strategy.

A realistic strategy implies several factors, such as appointing an energy manager, giving board-level support to energy saving, and informing all employees of the need for energy saving to win their co-operation.

An energy audit can be carried out in varying degrees of depth. At its simplest is the good house-keeping approach of observing existing energy standards within the factory or office. Most companies, however, have probably by now exhausted the benefits that can be obtained from good house-keeping measures.

The simple energy audit requires that monthly or quarterly fuel and electricity bills be aggregated in terms of costs and in one of the basic energy units—therms, kilowatt-hours, or megajoules. The total amount of energy used can then be related to output, hours worked, numbers of employees, and amount of office or factory space occupied. The comparisons can be studied over monthly or yearly periods.

Such an approach, however, will only give some preliminary data on energy costs and performance. It will not determine how and where the energy is used, or how and where it is wasted.

A more detailed energy audit will mean sub-metering the main sections of services, processes, and buildings. In some instances this will call for a detailed understanding of the equipment, processes and systems used. While this knowledge may be available in-house, outside consultants may have to be called in.

This detailed approach will provide several important data for the energy manager—a clear understanding of the flow of energy throughout the plant; knowledge of the energy used by complete processes, individual items of equipment, and different services; and knowledge of how production procedures and operations affect energy use.

In addition, the audit will give the variation of energy use within parameters such as production output, hours worked and hours heated, and outside weather conditions. There will also be an indication of where energy is being lost or wasted.

During the detailed audit an individual item or a process could be identified as warranting closer inspection to determine whether it needs more energy-efficient equipment or an entirely new process. Such an audit of an individual process will often require specialised measuring equipment and analysis; and this might require outside assistance.

Although many companies have pioneered such energy audit techniques over the past few years the Government has also taken a hand by actively encouraging energy audits of entire industries.

The Departments of Energy and Industry have published a series of industry audit reports in recent years, the most recent being that of the fertiliser industry which was published earlier this year. Each report is based on a detailed examination of the processes involved and of the manufacturing process as it applies to Britain.

Where possible, the studies also examine methods in other countries so that the practicability of changing a process or technology can be assessed.

In many industries the raw materials have involved a substantial energy input in the companies which supply them. The energy audit studies must therefore consider energy not only in terms of the fuels used but also take account of the energy invested in raw materials.

The energy audit study programme has identified many instances where energy conservation technology exists but needs to be demonstrated in working situations before industry is prepared to invest in it.

The energy audit programme has covered a number of industries and products, including brewing, aluminium, glass, bricks, pottery, cement and copper. One of the most successful results of the programme has been in brewing, in which major companies have achieved substantial savings as a result of the ideas generated by the audit.

Details of the various industry energy audits can be obtained from the Department of Energy, Information Division, Thames House South, Millbank, London, S.W.1. There are also a number of regional offices which provide quick advice to companies.

Municipal refuse given the treatment

Waste recycling

MAURICE SAMUELSON

THE BIGGEST problem about waste was once thought to be how to dispose of it. Thanks to the energy crisis, the main problem now is how to recycle it and turn it into fuel.

Estimates vary about how much waste is generated in the UK every year. One calculation puts it at 45m tonnes of which half is recoverable, equal to about 10m tonnes of coal a year. In the campaign to cut fuel bills, no "fuel" is too exotic to be ignored. Pig slurry has been used to heat piggeries; mouse and rat droppings have been recycled in a Danish laboratory; grape skins are burned in a Spanish winery, and coffee husks in a Phillipine factory.

While these provide interesting challenges to heating engineers and makers of equipment, they have far less potential than the schemes to recycle more mundane forms of municipal waste.

The most ambitious schemes are those for converting municipal rubbish into pelletised solid fuel, which is then burned to provide district heating. Two pelletising plants have been built in Britain. The Byker plant processes all the domestic rubbish of Newcastle—about 1,800 tonnes a week—and produces 600 tonnes a week of fuel pellets, yielding 300 tonnes of coal equivalent.

Another plant operates at Eastbourne under the auspices of East Sussex County Council. Built by Buhler-Miag, the Swiss-owned engineering company, it supplies all its output, 20 tonnes a day, to a coal-fired power-station at Brighton. The pellets are only a tiny fraction of the station's consumption of about 400,000 tonnes of fuel a year.

The Eastbourne plant takes in refuse collected by the local authority. Waste travels by conveyor into two hammer mills which reduce it to lengths of four or five inches. Heavy materials, including metals, are rejected, and the fuel pellets are made from the lighter fraction mainly composed of cellulose and organic material.

Municipal waste can also be tapped for gas. In Britain as with pelletising this process is still in its infancy.

The first example in Britain is at the London Brick Company's landfill site at Stewartby, in Bedfordshire. The first methane gas was tapped there commercially in May, 1981, and helps to fire one of the kilns in Britain's biggest brickworks.

The £100,000 scheme was the outcome of co-operation between London Brick, the Atomic Energy Authority at Harwell, and the Department of Energy's technology support unit.

The rubbish arrives in sealed trains from a treatment plant at Hendon, which receives domestic refuse from the London boroughs of Camden, Brent and Barnet. The Greater London Council is considering a similar scheme at a tip at Aveley, Essex.

Many industrial companies, however, prefer to recycle their waste as fuel on site instead of disposing of it. In April, Thorn-EMI's domestic appliances factory at Spennymoor, Durham, installed a system to turn its rubbish into fuel to be burned in its new coal-fired boilers, with the hope of recouping the capital cost in two years.

More than 80 per cent of the factory's waste consists of paper, cardboard, wooden packing cases and some 10 per cent plastics. With an average energy value of about 7,000 BTU/lb, this waste has an energy equivalent of about 1,250 tonnes of coal a year.

The growing interest of industrial companies in burning their waste is having a deep impact on the British boiler-making industry. Parkinson Cowan GWB, which supplied the boiler for the Spennymoor plant, has been well placed to supply this demand as it already specialised in making boilers for coal. It is also to supply an incinerator to a Derby hospital which will be partly fuelled by the hospital's own widely-assorted waste.

The ability to burn a wide range of low-grade fuels is also one of the main selling points of the new generation of boilers fired by fluidised bed combustion, (in which fuel is fed on to a turbulent bed of red-hot ash or sand).

Since fluidised bed boilers are being developed primarily in anticipation of industry's switch to coal from oil and gas, it is likely that many factories which have not previously thought of burning their waste, will in future be ideally equipped to do so.

A more specialised form of waste recycling is gaining ground in the glass industry. By increasing the proportion of waste glass, or cullet, in its furnaces, the industry significantly reduces its primary fuel costs.

The same principle is being followed by the aluminium makers, and tinplate-can makers in the UK are about to launch a national scheme. Since packaging forms the bulk of municipal waste, it is appropriate that these industries should be in the forefront of recycling it, thus reducing their own energy consumption and that of society as a whole.

Hopes revived again for district heating

Heat and power

MAURICE SAMUELSON

IN THE next few weeks the Government will receive proposals on whether or not one or two British cities should be regarded as likely sites for a Combined Heat and Power (CHP) scheme, in which whole districts are centrally-heated with waste heat from nearby power stations.

The recommendations will emerge from a study of nine cities which has been carried out this year by W. S. Atkins and Partners. If the recommendations are positive the Government will then decide whether to subject the chosen sites to further studies, leading to a final decision in 1983 on whether to go ahead with the schemes.

Although this seems a very leisurely pace at which to proceed, it marks a significant growth of Government interest in an idea which has been around for decades but which has been given new emphasis by the worldwide tightening of energy supplies.

At a time when people are more than ever conscious of the need to reduce waste in energy utilisation, power stations stand out as notoriously wasteful. They run at efficiencies of little more than 30 per cent, and the rest of their heat is simply dissipated.

The main investment required by a CHP scheme is to connect the power station by an underground mains system, which distributes the hot water throughout the buildings to be heated.

No new technology is required and many British industries already generate their own heat and power, some of which also goes into the national electricity grid. But by and large, except for a handful of schemes, such as that which links Battersea Power Station with nearby flats, Britain lags far behind other European countries in CHP.

There are also several district heating schemes in Britain where heating is supplied from other sources, such as waste incinerators.

In West Germany, the proportion of space and water heating provided by district heating rose from 1 per cent in 1960 to about 8 per cent by the end of the 1970s and some 70 per cent of this came from CHP. In the Soviet Union, which has had CHP for half a century, CHP and district heating meet 47 per cent of heat requirements. In Denmark, a quarter of the heating load in 1979 came from district heating, and about a third of that came from CHP.

There are various reasons why CHP has not caught on widely in Britain, especially the availability of other forms of heating, led by gas and coal-fired electricity. Even now, the Government has not committed itself in principle, despite the strong encouragement of a working party led by Dr Walter Marshall, the new head of the UK Atomic Energy Agency, which led to the Government-sponsored Inquiry into the possibility of a lead city scheme. The gas industry in particular sees CHP as a grave threat to its position as the main domestic heating supplier.

Not least of the reasons for the Government's caution is that a scheme for a medium-sized city could cost more than £500m. State investment on such a scale is not part of the present Government's philosophy and, as with the Channel Tunnel, the present Government may give its blessing only on the condition that such schemes are financed privately. Nevertheless, the changing relativities of energy prices make it more feasible as time goes on.

As with the Channel Tunnel, the cause of CHP is kept alive in Britain by a lively band of enthusiasts, spearheaded by the District Heating Association.

On the eve of the Government's decision on the selection of one or two lead city pilot studies, the association has been encouraging all the nine cities which Atkins studied to try to remain in the race. Representatives of these cities argued at the association's conference in June that because of the long lead times for developing a whole city, and because no new technology is involved, further work should be carried out in as many cities as possible.

The association's conference in June also heard suggestions about how schemes could be funded with the cheapest money available, such as grants and soft EEC loans which could meet up to half the gross capital investment.

There remains a nagging suspicion, however, that the fate of CHP may depend as much on political as on economic considerations. Should this or a future Government be driven to a policy of State-led reflation, through massive investment in the country's infrastructure, CHP may be one of the areas to benefit. But that hour has not yet arrived.

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Steeper fall in cocoa market

By Richard Mooney

THE SLIDE in world cocoa prices accelerated yesterday in spite of news that the International Cocoa Organisation's buffer stock had again bought its daily limit of 10,000 tonnes.

The March position on the London futures market, which was pushed up to an 18-month high of £1,315 a tonne after buffer stock buying started last week, fell £74 to £1,204.5 a tonne.

Buffer stock purchases have reached a total of 61,340 tonnes in eight trading days but any market impact appears to be draining away. Well over half the existing support fund of $230m has now been used up but prices remain more than 6 cents below the pact's "floor" price of 110 cents a pound.

A report published yesterday by InterCommodities forecast that cocoa prices could quickly fall to around £850 a tonne after buffer stock funds are used up.

● World cocoa stocks at the end of the 1980-81 season are estimated at 708,000 tonnes, not 5.5m tonnes as inadvertently reported yesterday.

Scottish service sector study

THE University of Dundee's economics department has been awarded a two-year contract by the Scottish Economic Planning Department — to prepare a report on output and employment in the service sector in Scotland.

No French turkeys for Britain this Christmas

BY A CORRESPONDENT

FRANCE will not enjoy a share in the British market for Christmas turkeys this year, French Agriculture Minister Edith Cresson said yesterday.

Speaking during a visit to the National Agriculture Centre at Stoneleigh, Warwickshire, Mme Cresson said that contracts for Christmas turkeys were fixed at the beginning of September when French imports were effectively banned by the British Government.

She hoped that a visit by British vets to France would now satisfy the British authorities that the slaughter policy adopted by France after it had been introduced in Britain on September 1, met the necessary health standards. She said that the introduction of the new policy by Britain, with only three days' notice, had caused job losses in France.

Mme Cresson said that she did not approve of national aids in principle but that where these were necessary because of inadequate prices they should be given to those who needed them. She said that the controversial £410m aid package given by the last French government had been spread among all farmers.

She repeated traditional French criticisms of the weaknesses of the Common Agricultural Policy, attributing the dairy surplus to imports of cheap soya and the cost of the cereals policy to the import of so-called cereal substitutes like maize gluten and bran.

Larry Klinger writes from Brussels: France yesterday decided to devalue its EEC agricultural currency by 1.5 per cent from the level that would have been applied had the full effect of last weekend's devaluation of the franc been taken into account.

Rather than erase the full deflationary negative Monetary Compensatory Amount (MCA) of 3 per cent "implied" by the weekend move, France opted for the middle ground by devaluing its "green currency" by only half this amount to protect its farmers' guaranteed prices while accepting a less favourable downwards pressure on domestic food prices.

A negative MCA acts as an EEC tax on intra-Community exports and a subsidy on imports, keeping farm incomes and, ultimately, shop prices lower. A positive MCA operates the other way round.

The new MCAs following the weekend realignment of currencies within the European Monetary System (EMS) take effect this morning: Britain +3.5 per cent (up from +1.9); West Germany +8.3 (+3.2); Italy −3.9 (−1.7); the Netherlands +4.3 (0); France −1.5 (0). The other EEC countries have no MCA as their "green currencies" remain aligned with their real currency levels.

MCAs are designed to iron out differences in intra-EEC trade between various EEC currencies. They are expressed as percentages representing the difference between a country's real fluctuating currency level and its fixed agricultural, or "green," exchange rate at which EEC guaranteed farm prices are converted into national currencies.

Farm spares famine

BY OUR COMMODITIES STAFF

FARMERS in the South East of England are complaining that their autumn cultivation program emis being seriously hampered by a shortage of agricultural machinery spares.

Reports to various branches of the National Farmers Union in the South East indicate that during this year's harvest, many farmers requiring urgent spare parts were finding difficulty in obtaining them, and many machines remain out of action.

The farmers complained that many manufacturers had ceased delivery of spares direct to farms and dealers or agencies did not always stock the necessary items.

Rise in copper value sought

By Roy Hodson

COPPER PRODUCERS have decided to seek price rises of several pounds a tonne for high grade copper as an affirmation of their policy of charging premiums for high grade metal.

The Intergovernmental Council of Copper Exporting Countries (CIPEC) also said after its annual meeting in Paris yesterday that it will change the pricing basis for its copper contracts with consumers to that of the new London Metals Exchange contract for high grade copper by the beginning of next year. However, the conference took no decisions which could cause immediate changes in the current low copper prices.

On the London market copper tended to reflect movements in gold yesterday. Cash copper wirebars put on £4.50 on the day's LME trading to finish at £905 a tonne.

CIPEC has agreed that production levels will continue to be left to individual CIPEC members.

Mr Mufaya Mumbuna, the Zambian mining minister, said the conference had not discussed proposals favoured by several copper-producing nations that CIPEC should set up a special fund to intervene on the copper markets to support prices and strengthen members' agreed policies.

CIPEC is to examine ways to reduce tariffs of up to 7 per cent on copper rod, and up to 20 per cent on fabrications, which, CIPEC members allege, are preventing copper exports entering developed countries.

A new study is to be started by the CIPEC executive committee into production costs of primary copper in order to plan a long-term development strategy for the industry.

Higher copper prices were announced in America yesterday. Asarco and Inco raised their domestic copper cathode prices by 2 cents a pound and Inspiration Consolidated Copper raised its price by 1 cent a pound.

Tin rose by £105 for cash on the London market yesterday to £8,300 a tonne following a new 12-months high in Penang trading.

The Straits tin price in Penang rose 7 cents to 35.47 ringgit a kilo.

ALUMINIUM

Australia's producers lower prices

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S three biggest aluminium producers have reduced aluminium ingot prices—the first ever ingot price cuts in the Australian market—because of the downturn in world aluminium prices.

Over the past few days the Australian subsidiaries of the North American aluminium giants Comalco, Alcoa and Alcan have dropped ingot prices by A$175 a tonne to $1,370 but list prices for semi-fabricated products have so far not changed.

Comalco has said it is reviewing prices for semi-fabricated products, but Alcoa and Alcan have indicated that they do not intend to lower their prices on these products in spite of pressure from users and competition from imports.

The lower ingot price more than off-sets recent appreciation of the Australian dollar which had made imports more attractive.

However Mr Ken Peacock, general manager of Alcoa's metal division, warned that lower prices could not last long without causing radical structural changes in the Australian aluminium industry.

"The decrease in domestic ingot price, coming at a time of rapidly inflating cost, goes against economic logic," he said. He forecast that the price cut, together with the recently announced 25 per cent increase in power costs in Victoria, would have a "substantial impact" on the company's operations.

After some hesitation, Alcoa announced recently that it would proceed with its A$1bn *aluminium smelter in Portland,* Victoria, in spite of the state government's electricity price rise and in spite of the deteriorating world outlook for aluminium.

The site of the proposed smelter is also subject to claims that the land is sacred to Victorian Aborigines. The Australian high court two weeks ago confirmed that two Victorian Aboriginal women had "standing" to pursue the sacred site claim through the courts. Alcoa has spent something in the order of A$150m on the Portland project so far.

In Western Australia Alcoa has cut alumina production by 10 per cent because of the soft world market. Alcoa's Western Australian operations were producing 4m tonnes of alumina a year from two refineries, one in the Perth industrial area of Kwinana and the other at Pinjarra in the Darling Ranges south of Perth.

A third alumina refinery in the Darling Ranges is due to come on stream in mid-1982, but Alcoa's West Australian general manager, Mr Jim Vann, says the viability of the new plant will be affected by the 10 per cent overall cut in Alcoa's alumina production from the state. He believes Alcoa may not be able to return to full alumina refining capacity until the end of 1982.

The latest set-backs in the Australian aluminium industry follow the shelving earlier this year by Alcan of its proposed smelter in Bundaberg, Queensland, and the withdrawal by Alumax of the U.S. and Japan, from the Lochinvar smelter in the Hunter Valley of new South Wales, leaving Australa's BHP to look for new partners.

However, if Lochinvar and Portland go ahead there will be four new Aluminum smelters built in Australia over the next few years with the possibility of a fifth in Western Australia to take advantage of cheap power supplied from natural gas from the north-west continental shelf. Expansion of three existing smelters is underway.

Although wages and other costs have risen, especially power charges by monopoly state government power authorities, Australia still has the advantages of vast deposits of bauxite and abundant supplies of relatively cheap non-oil energytom power smelters.

In spite of the current downturn in world aluminium prices Australia is still looking to increase its aluminium smelting capacity from the current 400,000 tonnes a year to more than 1.5m tonnes a year by the end of the decade to become the world's biggest aluminium exporter.

● **Roy Hodson writes:** Alcan Aluminium (UK) announced price rises for aluminium extrusions yesterday as part of the company's policy of securing higher prices to reflect recent *sharp rises in raw materials and* production costs. Alcan Extrusions is to raise the price of its aluminium extrusions by £115 a tonne together with a 9.5 per cent increase for painting and other finishing charges from November 2. Alcan has already announced the ending of discounts on its British-made aluminium ingot.

The company appears to be trying to make the point by its price increases that aluminium prices must be raised to match higher production costs.

But that view is not reflected in the weak free market for aluminium.

The cash price for aluminium ingot on the London Metal Exchange fell yesterday by £5.50 to £618 a tonne.

Farm ministers' relaxed 'summit'

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS A pleasant EEC convention that the president of the Agricultural Council of Ministers takes it in turn to entertain his fellows in his own country. This time it is the turn of Mr Peter Walker, Britain's Agriculture Minister and he introduced his guests to that centre of the highest class of country life, the Cotswolds.

After being cocooned in one of Britain's most luxurious hotels the Ministers visited a farm, a factory and Worcester Cathedral, then, surfeited with such good things, they had an informal meeting where they *listened* with apparent good grace to their host's ideas on the future of the Common Agricultural Policy.

By all accounts, Mr Walker harangued his captive audience with the dangers inherrent in Europe being overwhelmed by surplus production. Once self-sufficiency was reached something should be done to relieve the pressure on the budget of the cost of subsidising exports. Expansion of production must have due regard to actual needs. There was little point in trying to produce food for the developing countries which they should be growing for themselves.

This was becoming an urgent problem and he looked to a meeting later this month which *should give the planned policy* for the next five to 10 years. He was very critical of national aids because they tended to nullify the penalties placed on over-production.

Speaking to journalists later he underlined the difficulties of getting agreement to his policies because of the fundamental differences in views between those countries which were the paymasters such as the UK and Germany and recipients like Ireland and Denmark.

The ministers, he said, were becoming increasingly fearful of Third World imports and also those from the U.S. But these were often countries with which Britain still had very valuable trading links.

He underlined the important *social differences* between the UK and some other countries. Britain is a country of large farms, whereas small farms were being perpetuated and encouraged in much of Europe. Asked if he would still favour national responsibility for products in over-supply as he had advocated when taking office he declared himself in favour of some form of responsibility such as that used in the sugar sector and he thought that co-responsibility would have to spread to other products in surplus.

Then before we could gather the reactions of his guests he wafted them off to Cheltenham where they could study the best of British bloodstock leaping over fences. Of one thing we can be certain, it will take a lot longer than the last three months of Mr Walker's presidency to solve the many problems he had underlined.

World sugar loses ground

BY OUR COMMODITIES STAFF

WORLD SUGAR VALUES declined yesterday as the EEC Commission granted export licences covering 59,250 tonnes of whites at a maximum export rebate of 23.999 European currency units per 100 kilos. The result itself did not surprise dealers but many had anticipated that the tender might not be held at all in view of the recent currency realignment and resulting uncertainty about agricultural exchange rates within the community. Cancellation of the tender might have resulted in some tightness in the market and therefore an increase in prices.

The fact that the tender was held played a significant part in yesterday's £9.50 decline in the March London futures price to £170.875 a tonne, some dealers claimed. They also pointed to continued weakness in the New York sugar market.

West German sugar production could rise to 3.5m tonnes in the 1981-82 campaign from 2.72m in the 1980-81 campaign, according to the ZMP Agricultural Newsletter, reports Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper rose to £945 in the pre-market but fell back to close at £938 as Comex lost ground. Lead touched £415 in early trading, reflecting short-covering and general interest, before falling away to £408 on the rise in sterling. Zinc was firmly £488.5 after short-covering and renewed influential buying had lifted *the price to £493 in initial dealings.* Tin closed at £8,380, after £8,425, following the rise at Penang, while nickel was finally £2,852.5 and aluminium £646.5.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	909-.5	+5	904.5-5.5	−4.5
3 mths	943-.5	+4.75	939-.5	−6
Settlem't	909.5	+5	—	......
Cathodes				
Cash	905-.5	+3.75	902-3	−6.5
3 months	938-.5	+4.75	933.5-4	−7.75
Settlem't	935.5	+5.5	—	......
U.S. Prod	—		*79.5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £909.5; three months higher grade £943, 44, 43, 42.5, 42, 43, 44, 43.5, 43, 43.5. Cathodes: Cash £905.5, 5; three months £937.5, 38, 38.5, 38. Kerb: Wirebars: Three months £944, 43.5, 43, 42.5. Afternoon: Wirebars: Three months £941, 41.5, 38, 38.5, 39. *Kerb: Wirebars: Three months* £939, 40, 41, 40, 39, 40. Turnover: 31,325 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	8275-80	+65	8295-305	+105
3 months	8400-10	+52.5	8395-405	+57.5
Settlem't	8280	+65	—	......
Standard				
Cash	8275-80	+65	8295-305	+105
3 months	8400-10	+52.5	8395-405	+57.5
Settlem't	8280	+65	—	......
Straits E.	$35.51			......
New York	—			

Tin—Morning: Standard, three months £8,345, 50, 55, 60, 70, 80, 90, 8,400, 8,395, 8,400. Kerb: Standard, three months £8,400, 10, 20, 25, 20. Afternoon: Standard, cash £8,320, three months £8,410, 20, 25, 20, 15, 8,400. Kerb: Standard, three months £8,380, 90, 8,400, 8,390, 80, 90. Turnover: 2,185 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	404.5-5	+12	403-4	+7
3 months	413-.5	+11.2	411.5-2	+7.25
Settlem't	405.5	+11.5	—	......
U.S. Spot	—	......	*38-44	......

Lead—Morning: Cash £405; three months £414, 13.5, 13, 14, 15, 14, 13, 12, 12.5, 13. Kerb: Three months £412.5, 12, 11, 10. Afternoon: Three months £403, 10, 11, 11.5, 12. Kerb: Three months £410, 9.5, 9, 9.5, 10, 9.5. Turnover: 23,325 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	478.5-9	+11.5	474.5-5.5	+7
3 months	492-3	+10.2	488-.5	+3
S'ment	479	+11.5	—	......
Primw'ts	—	—	*45.5-50	......

Zinc—Morning: Cash £479; three months £492, 93, 92. Kerb: Three months £491, 90, 89. Afternoon: Three months £489, 90, 89, 88, 88.5. Kerb: Three months £487, 88, 88.5, 88. Turnover: 14,900 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	617.5-8	−2.75	617-9	−5.5
3 months	645.5-6	−5.5	646.5-7	−7

Aluminium—Morning: Cash £618; three months £647, 48, 47.5, 47, 46, 46.5, 46. Kerb: Three months £646, 45.5. Afternoon: Three months £646, 47. Kerb: Three months £647. Turnover: 27,175 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2750-60	−10	2750-60	−32.5
3 months	2850-5	−15	2850-5	−55

Nickel—Morning: Three months £2,850, 60, 55, 50, 45, 40, 50, 55. Afternoon: Three months £2,850. Kerb: Cash £2,750. Turnover: 498 tonnes.

† On previous unofficial close.

* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 10.45p an ounce higher for spot delivery in the London bullion market yesterday at 498p. U.S. equivalents of the fixing levels were: spot $9.28, up 24.1c; three-month $9.63, up 24.4c; six-month $10.035, up 27.9c; and 12-month $10.773, up 25.1c. The metal opened at 501¼-506¾p ($9.3-9.4) and closed at 494-499¼p ($9.2-9.3c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	498.00p	+10.4	494.5p	−10.5
3 months	516.75p	+10.8	513.50p	−10.8
6 months	536.50p	+10.5	—	......
12months	577.00p	+10.8	—	......

LME—Turnover: 91 (232) lots of 10,000 ozs. Morning: Three months 520, 20.5, 21, 20. Kerb: Three months 520. Afternoon: Three months 520, 15, 16, 15.5, 15, 14. Kerb: Three months 514, 13, 14.

COCOA

Futures eased sharply on manufacturer trade and commission house liquidation of longs, reflecting a lack of confidence in the buffer stock's ability to defend the minimum intervention level. Physical business was scarce other than yet another 10,000 tons sold to the buffer stock, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or −	Business Done
Dec	1210.12	−70.0	1270-184
March	1204-06	−74.0	1270-185
May	1203-04	−69.0	1266-190
July	1209-10	−69.0	1268-10
Sept	1225-30	−68.0	1271-19
Dec	1228-30	−66.0	1282-45
March	1232-43	−66.0	1260

Sales: 7,202 (6,275) lots of 10 tonnes. ICCO—Daily price for October 7: 99.10 (103.92); indicator prices for October 8: 104.14 (105.28).

COFFEE

After failing again to break through on the upside, prices retreated to unchanged levels, reports Drexel Burnham Lambert. A disappointing "C" performance offered no fresh incentive to a tired London market.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Nov	1083-84	+5.5	1090-80
Jan	1091-93	+0.5	1104-91
March	1098-99	−1.0	1111-96
May	1099-00	+6.5	1114-99
July	1098-10	+11.5	1182-06
Sept	1090-10	+6.5	—
Nov	1090-10	−7.5	—

Sales: 2,423 (3,280) lots of 5 tonnes. ICO Indicator prices for Oct. 6: (U.S. cents per pound): Comp. Daily 1979 116.93 (116.13); 15-day average 113.01 (112.39).

GAS OIL FUTURES

After opening lower, the market rallied to highs on Suez Canal closure rumours. Prices then eased back to reflect the lack of activity in the physical market, reports Premier Man.

Month	Yesterday's close	+ or −	Business Done
	$ U.S. per tonne		
October	306.75	+1.25	307.00-05.00
November	310.25	+0.50	311.50-08.75
December	313.25	+0.25	314.25-13.00
January	316.00	......	316.50-15.25
February	318.00	+0.25	318.50-18.00
March	321.50	......	320.50-20.00
April	322.50	......	—
May	321.00	......	322.00-22.00
June	324.50	+1.25	—

Turnover, 761 (1,123) lots of 100 tonnes.

GRAINS

The market opened higher on old crop due to shipper and country buying, but interest faded and with light hedge selling the market closed on the lows, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterday close	+ or −
Nov	105.90	−0.30	100.25	−0.55
Jan	109.95	−0.55	104.10	−0.45
Mar	113.90	−0.30	107.95	−0.45
May	117.85	−0.50	111.60	−0.35
July	121.30	−0.40	—	—
Sep	106.35	—	100.25	−0.55

Business done—Wheat: Nov 106.40-106.00, Jan 110.45-109.95, March 114.35-114.15, May 118.30-117.85, July no trades, Sept 106.35 only. Sales: 139 lots of 100 tonnes. Barley: Nov 100.90-100.40, Jan 104.80-104.10, March 108.65-108.25, May 112.40-112.10, Sept no trades. Sales: 156 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Oct 111.75, Nov 113.75, Dec 114.75 transhipment East Coast sellers. English Feed fob Oct 19-31 109.50 paid South Coast. Barley: English Feed fob Oct 103.50, Nov 106 East Coast sellers. Rest unquoted.

RUBBER

The London physical market opened about unchanged and attracted little interest throughout the day, to close quiet. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 235.0 (234.0) cents a kg and SMR 20 186.5 (185.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Nov	55.70-56.50	56.30-57.50	—
Dec	56.60-57.00	57.30-58.40	—
Jan-Mar	58.50-58.00	59.70-60.00	60.10-58.00
Apl-Jne	62.50-62.60	63.70-64.00	64.00-61.50
Jly-Sept	65.80-66.00	67.10-67.20	—
Oct-Dec	69.40-69.50	70.60-70.80	—
Jan-Mar	73.00-73.10	74.00-74.30	—
Apl-Jne	75.50-77.00	77.80-77.70	—
Jly-Sept	80.00-80.50	81.00-81.10	—

Sales: 376 (593) lots of 15 tonnes. Physical closing prices (buyer) were: Spot 54.00p (55.00p); Nov 52.25p (53.25p); Dec 53.25p (54.25p).

SOYABEAN MEAL

The market opened unchanged and drifted in dull and featureless trade, reports T. G. Roddick.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
October	141.00-44.0	+0.50	144.00-42.50
December	155.20-54.0	−0.45	154.50-54.00
February	156.00-57.0	−0.40	157.50-57.00
April	133.00-58.5	−0.40	—
June	141.50-42.5	−0.20	142.00
August	145.50-46.5	......	—
October	144.50-50.0	+0.75	—

Sales: 26 (22) lots of 100 tonnes.

SUGAR

£166.00 (£167.00) a tonne cif Oct-Nov shipments. White sugar daily price £183.00 (£184.00).

Opening trades were about unchanged but the market was on the defensive immediately and prices gave way, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	165.50-64.00	172.50-73.00	170.50-67.50
March	170.75-71.00	180.25-80.50	181.00-70.75
May	174.25-74.50	185.25-85.50	183.50-74.25
Aug	178.00-78.25	186.50-86.75	183.00-79.60
Oct	181.50-82.00	190.05-90.50	190.25-82.50
Jan	182.50-85.00	180.00-92.00	—
March	184.00-88.00	192.00-95.00	—

Sales: 6,472 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £350.4 (same) a tonne fob for home trade and £276.0 (£277.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for October 6: Daily price 12.69 (12.84); 15-day average 12.08 (12.02).

WOOL FUTURES

BREDS—Close (in order: buyer, seller, business) New Zealand cents per kg. Oct 390, 404, 400, Dec 395, 393, nil; Jan 395, 399, 397, March 405, 410, 407; May 414, 418, 414, Aug 423, 428, 425, Oct 432, 435, nil, Dec 434, 439, 426-435, Jan 437, 440, 438; March 442, 448, 445-443. Sales, 46.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business) Australian cents per kg. Oct 489.5, 489.5, 489.5-487.0, Dec 501.0, 501.9, 502.0-499.0; March 513.0, 513.0, 513.0-509.0; May 523.5, 524.0, 524.0-520.5; July 528.5, 530.0, 529.0-527.5; Oct 527.0, 529.0, 525.0; Dec 529.5, 531.0, 529.9-528.5; March 535.0, 538.0, untraded. Sales: 311.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 398 tonnes. Extensive operations were reported despite the political events in the Middle East. Users were alarmed by the *implications and took up larger supplies* of South American and African styles.

POTATOES

LONDON POTATO FUTURES—All positions traded quietly in a narrow range, reports Coley and Harper. Closing prices, Nov 80.40, +0.90 (high 80.50, low 80.10); Feb 94.70, +0.70 (high 95.00, low 94.50); April 105.70, +0.70 (high 109.00, low 108.50). Turnover, 288 (397) lots of 40 tonnes.

*

HIDES—Leeds: The market was weaker. Second clears. Ox: 31-35.5 kg, 54.0p a kg withdrawn (56.6p a kg); 26-30.5 kg, 55.0p a kg withdrawn (57.2p a kg); 22-25.5 kg, 62.6p a kg withdrawn (64.9p a kg). Light cows: 25.5p kg, 61.0p a kg withdrawn (64.2p

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. **Beef:** Scottish killed sides 74.9 to 78.5; Eire hindquarters 85.7 to 89.3, forequarters 54.0 to 55.5. **Veal:** Dutch hinds and ends 123.0 to 127.0. Lamb: English small 65.5 to 71.0, medium 65.0 to 69.0; Scottish heavy 63.0 to 66.0; Imported frozen: New Zealand PL 65.0 to 65.0, PM 64.5 to 65.0. Pork: English, under 100 lb 42.7 to 53.0, 100-120 lb 44.8 to 52.0, 120-160 lb 42.2 to 50.5.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 86.07p per kg lw (−0.83); UK—Sheep 151.30p per kg est dcw (+3.51). GB—Pigs 76.51p per kg lw (+0.78).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.50, 56 6.30, 72 6.25, 88 5.40, 112 5.35, 138 5.30, 150 4.95; Argentine 64/72/88/100 6.00-6.60. Lemons—Spania, boxes 6.00-8.00, trays 25/50 2.80-3.50; Outspan: 80/195 7.50-10.50; Cypriot: 7.00-8.00, Turkish: 7.00-8.00. Grapefruits—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Israeli: Jaffa 36/72 5.50-5.80; Cuban: 35/40/48 4.00-4.30; Honduran: 36/56 4.80-5.20. Apples—French: New crop, Golden Delicious 20-lb 3.30-3.40, 40-lb 6.00-6.60. Stark Crimson 40-lb 6.00-7.50, Granny Smith 8.50-9.30; U.S.: Red Delicious 9.00-12.00. Pears—French: Comice: 22-lb 4.80-5.00; Dutch: Comice 14-lb 3.00-3.20; *Italian:* Williams per pound 0.16-0.22; Spanish: Williams per pound 0.15-0.20. Peaches—U.S.: 60's 13.00. Plums—U.S.: Per pound 0.45-0.60. Grapes—Spanish: Almeria 11-lb 1.80-2.00, Negra 2.60; Greek: Rozeki 11-lb 2.30-2.50; Italian: Italia, per pound 0.20-0.30, Alphonse per package 2.40. Melons—Spanish: 10 kilos, yellow 3.00-4.00, green 2.60-3.30. Pineapples—Ivory Coast: Each 0.35-1.10. Bananas—Colombian: Per pound 0.19-0.20. Avocados—U.S.: 20's 5.00, Israeli: 5.00-5.60; Canary: 5.00; S. African: By air 3.00-4.50. Pomegranates—Spanish: 24/60 3.50-4.50. Tomatoes—Dutch: 3.00-3.20, Spanish: 2.80-3.00. Onions—Spanish: Grano 3/5 3.50. Capsicums—Dutch: 5 kilos, red 6.20, green 3.40, yellow 8.20. Aubergines—Dutch: 5-lb 5.40. Cabbages—Dutch: White 2.80, red 3.00. Chillies—Dutch: 3 kilos 4.00. Artichokes—French: Globe 24's 5.50. Asparagus—S. African Per pound, green 1.80, white 0.80, Mexican: 1.00. Chicory—Belgian: 3 kilos 3.00-3.25. Fennel—Italian: 24-lb 6.50. Cucumbers—Dutch: 3.40-3.60. Carrots—Dutch: *20-lb 1.70-1.90. Figs—Turkish: Small* trays 3.00. Raspberries—U.S.: 8-oz 1.30. Chestnuts—Italian: 5-kg 4.00-4.40.

English Produce: Potatoes—Per 55-lb white 2.40-2.50, red 2.50-2.70, King Edwards 2.70-3.10, jacket 3.20-3.40. Mushrooms—Per pound, open 0.30-0.50, closed 0.60-0.70. Apples—Per pound Bramley 0.12-0.20, Cox's 0.18-0.26, Worcester Pearmain 0.12-0.20, Russet 0.15-0.21; Charles Ross 0.15-0.18. Pears—Per pound Conference 0.10-0.15. Strawberries—Per ½-lb 0.30-0.60. Raspberries—Per ½-lb 0.30-0.50. Tomatoes—Per 12-lb, D 2.40, E 2.20. Cauliflowers—Per 12, 2.00-2.40. Cabbages—Per bag, Primo 30-lb 1.00. Lettuces—Per 12, round 0.80-1.00, Cos 10/12 1.20-2.00, Webb's 1.40-1.60. Radishes—Per pack 12 x 8-oz 1.50, bunches of 15 1.50-1.80. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60 mm 2.40-2.80. Cucumbers—Per 10/20 3.00-3.40. Carrots—Per 28/28-lb 0.70-1.00. Beetroots—Per 28-lb 1.00-1.20. Marrows—Per box 1.00-1.20. Fennel—Per 10-lb 3.00. Parsnips—Per 28-lb 1.50-2.00. Stick Beans — Per pound 0.18-0.30. Swedes—Per net 0.90-1.00. Leeks—Per 10-lb 1.60-1.80. Courgettes—Per tray 2.50-3.00. Sprouts—Per 20-lb 1.60-3.00. Pumpkins—Per pound 0.08-0.10. Turnips—Per 28-lb 1.80-2.00. Celery—Per 18/36 Hessay 3.00-3.30.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 7 1981	+ or −	Month ago
Metals			
Aluminium	£810.815		£810/815
Free Mkt.	*$1155/1165*	......	*$1200/250*
Copper			
Cash w'bar	£905	−4.5	£935.5
3 mths	£939.25	−6	£965.75
Cash Cathnde	£902.5	−6.5	£935
3 mths	£933.75	−7.75	£961
Gold troy oz	$444.5	−5.5	$436.5
Lead Cash	£403.5	+7	£439
3 mths	£411.75	−6.25	£444.25
Nickel	£4219.6	......	£4,106.25
Free mkt	225.275c	......	270.290c
Platin'mtr'y oz	£260	......	£260
Freemkt	£228.25	−0.75	£344.10
Quicksilver	$425/430		$425/430
Silver troy oz	498.00p	+10.45	570.55p
3 mths	516.75p	+10.80	588.05p
Tin Cash	£8,300	+105	£8160
3 mths	£8400	+57.5	£8337.5
Tungsten22.0lb	$142.61	......	$146.34
Wolfrm 22.04lbs	$140.144	......	$144/148
Zinc Cash	£475	+7	£546
3 mths	£488.25	+3	£557.75
Producers	$1000	......	$925/1000
Oils			
Coconut (Phil)	$567.5v	......	$545
Groundnut	‡	......	‡
Linseed Crude	£420	......	£432
Palm Malayan	$525	......	$525
Seeds			
Copra Philip	$555x	......	$555
Soyabean(U.S.)	$274	......	$279.5
Grains			
Barley Fut.Jan	£104.10	−0.45	£101.60
Maize	‡	......	£126.75
Wheat Fut.Jan	£109.95	−0.55	£109.30
No2 HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£1,312	−70	£1,399
Future Mar.	£1204.5	−74	£1,286.5
Coffee Ft' Jan.	£1091.5	−0.5	£974.5
Cotton A.Index	75.20c	+0.1	77.45c
Gas Oil Nov.	$310.75	+0.5	$302.15
Rubber (kilo)	54p	......	57.75p
Sugar (Raw)	£166x	......	£155
Woolt'ps 64s kl.	396p kilo	......	391pkilo

‡ Unquoted z Dec y Nov. x Oct-Nov. w Sept-Oct v Nov-Dec. † Per 76-lb flask. * Ghana cocoa n Nominal.

AMERICAN MARKETS

NEW YORK, October 7.

Precious metals declined sharply as markets became subject to major speculative selling. Copper traded mostly higher as trade supported the market on all breaks. Coffee and cocoa prices declined precipitously on a total lack of buying interest. The meat complex came under heavy pressure late in the day due to heavy slaughter. The grains and soyabeans finished lower or mixed on late selling by local and professional traders, reported Heinold.

Copper—Oct 76.30 (76.05), Nov 77.15 (76.95), Dec 78.15-78.25, Jan 79.25, March 81.35, May 83.30, July 85.10, Sept 86.90, Dec 89.65, Jan 90.50, March 92.25, May 94.00, July 95.75.

***Gold**—Oct 444.4 (451.7), Nov 449.0 (456.7), Dec 453.0-454.0, Feb 465.0, April 477.3, June 489.5, Aug 501.7, Oct 514.1, Dec 526.6, Feb 539.1, April 551.7, June 564.5, Aug 577.5.

***Platinum**—Oct 420.0-421.0 (425.0), Jan 433.0-434.0 (439.1), April 450.0, July 467.8, Oct 484.3. Sales: 1,957.

Potatoes (round whites)—Nov 74.0 (73.0), Feb 84.0-84.5 (83.4), March 89.5, April 103.9-104.1. Sales 720.

¶**Silver**—Oct 920.0 (947.0), Nov 927.0 (954.5), Dec 938.0-943.0, Jan 953.5, March 978.0, May 1005.0, July 1030.0, Sept 1055.0, Dec 1092.5, Jan 1105.0, March 1120.0, May 1155.0, July 1180.0. Handy and Harman bullion spot: 920.00 (929.00).

Sugar—No. 11: Jan 11.90-12.00 (12.13), March 12.70-12.75 (12.84), May 13.01-13.05, July 13.31-13.35, Sept 13.50-13.57, Oct 13.65-13.73, March 14.50.

Tin—696.00-720.00 (680.00-700.00).

CHICAGO, October 7.

Lard—Chicago loose 23.50 (same).

Live Cattle—Oct 64.07-64.05 (64.57), Dec 65.05-64.90 (65.57), Feb 63.45-63.37, April 63.90, June 65.10, Aug 64.75, Oct 64.10-63.90.

Live Hogs—Oct 47.65-47.95 (48.07), Dec 49.40-49.25 (49.65), Feb 48.40-48.25, April 45.55-45.70, June 48.47-48.35, July 48.85, Aug 47.95, Oct 47.20, Dec 48.00.

‡‡**Maize**—Dec 294½-294¾ (297¼), March 312-311¼ (315), May 322½-322¾, July 329¼-329, Sept 332¼, Dec 336¾-376½.

Pork Bellies—Feb 53.90-54.10 (54.90), March 54.10-53.35 (54.97), May 54.30-54.95, July 56.10, Aug 55.20.

†**Soyabeans**—Nov 667-668 (669¾), Jan 689½-690 (688½), March 710½-709½, May 732, July 749, Aug 751, Sept 756, Nov 762½.

Soyabean Meal—Oct 185.0-184.8 (186.5), Dec 192.0-192.2 (192.3), Jan 193.8-196.0, March 202.0-202.5, May 208.5, July 214.0, Aug 216.0-215.8, Sept 216.5, Oct 217.0-218.0, Dec 220.0-221.0.

Soyabean Oil—Oct 21.63-21.65 (21.63), Dec 22.37-22.38 (22.39), Jan 22.50-22.75, March 23.50-23.52, May 24.05, July 24.60-24.65, Aug 24.70-24.75, Sept 24.80-24.85, Oct 24.90-24.95, Dec 25.30-25.50.

†**Wheat**—Dec 428¾-429 (429½), March 455½-455¾ (456½), May 464½, July 458½-458¾, Dec 483.

WINNIPEG, Oct 7

§**Barley**—Oct 128.00 (127.00), Dec 124.10 (123.20), March 127.70, May 131.70, July 133.30.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, Oct. 6.

††**Cocoa**—Dec 2128 (2181), March 2206 (2252), May 2246, July 2271, Sept 2299, *Dec* 2319, March —.

Coffee—"C" Contract: Dec 135.10-135.25 (132.83), March 130.75-131.00 (128.44), May 128.50-128.75, July 127.80-127.95, Sept 127.20, Dec 124.25-124.50, March 121.25-121.75.

Cotton—No. 2: Oct 64.75 (65.45), Dec 65.65-65.70 (65.80), March 68.20, May 70.10, July 71.55-71.65, Oct 72.55-73.80, Dec 74.55-74.60, March 75.60-76.00.

Orange Juice—Nov 131.40 (131.60), Jan 135.45-135.50 (135.50), March 137.25-137.30, May 139.40-139.50, July 141.30, Sept 141.30-141.70, Nov 140.60. Estimated sales: 1,000.

CHICAGO, Oct 6

Chicago Imm Gold—Nov — (—), Dec 461.0-460.5 (445.8), March 478.9-478.0, June 498.5, Sept 516.6, Dec 535.7, March 555.0, June 574.5, Sept 594.2.

EUROPEAN MARKETS

ROTTERDAM, Oct 7.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Oct 198, Nov 200, Dec 206. U.S. No. Two Red Winter, Oct 182, Nov 186. U.S. No. Three Amber Durum, Nov 196, mid-Nov/mid-Dec 199, Dec 202. U.S. No Two Northern Spring 14 per cent, Oct 191, Nov 194, mid-Nov/mid-Dec 195, Dec 196.50.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow, afloat 139, Oct 137, Nov 135.50, Dec 136.50, Jan/March 146, April/June 150 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Oct 268.50, Nov 265, Dec 269.50, Jan 276, Feb 280.25, March 284.75, April 289.25, May 292.75, June 296 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein, U.S. afloat 255, Oct 238, Nov 237, Dec 240.50, Nov/March 246, April/Sept 270. Brazil Pellets afloat 260, Oct 254, Nov 253, Dec 254, Nov/March 264, April/Sept 265 sellers.

PARIS, Oct 7

Cocoa—(FFr per 100 kg): Dec 1200-1250, March 1270 asked, May 1255-1280, July 1275-1295, Sept 1285-1295, Dec 1305-1335, March 1350 asked. Sales at call: nil.

Sugar—(FFr per tonne): Nov 1780-1830, Dec 1820-1830, March 1835-1860, May 1830-1905, July 1910-1940, Aug 1930-1970, Oct 1940-1980, Nov 1940-1980. Sales at call: nil.

INDICES

FINANCIAL TIMES

Oct. 6	Oct. 5	Month ago	Year ago
263.00	260.70	259.35	275.90

(Base: July 1, 1952=100).

MOODY'S

Oct. 6	Oct. 5	Month ago	Year ago
1010.0	1012.1	1021.3	1314.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 6	Oct. 5	Month ago	Year ago
Spot	356.45	355.96	346.74	466.25
Fut'rs	376.08	375.80	364.53	490

(Average 1924-25-26=100).

REUTERS

Oct. 7	Oct. 6	M'nth ago	Year ago
1661.5	1663.7	1659.3	1747.9

(Base: September 18, 1931=100)

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.60, codling £3.00-£4.40; large haddock £4.00-£4.40, medium £2.80-£3.80, small £1.80-£2.40; medium plaice £4.50-£5.00, best small £3.70-£4.70; skinned dogfish (large) £9.50-£10.00, (medium) £9.00-£9.50; lemon soles (large) £12.50, (medium) £10.00; rockfish £3.20; saithe £1.80-£2.50.

PUBLIC NOTICES

DONCASTER METROPOLITAN [illegible]

SUFFOLK COUNTY COUNCIL £5,000,000 Bills issued [illegible]

[illegible]

METROPOLITAN BOROUGH OF [illegible]

[illegible]

MIDDLESBROUGH BOROUGH COUNCIL [illegible]

[illegible]

LONDON STOCK EXCHANGE

Gilt-edged strong as short-term interest rates ease
Oils highlight equities—30-share regains 11.7 at 486.7

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* "New time" dealings may take place from 9.30 am two business days earlier.

London equity markets yesterday continued their tendency to change direction violently. Motivated by a downturn in U.S. *short-term interest rates* and a strong Gilt-edged sector, leading equities rebounded sharply and the Financial Times Ordinary share index, after showing a rise *of 12.8 at 3.00 pm, closed 11.7 up* at 486.7.

The overnight fall in the U.S. Federal Funds rate together with easier conditions in domestic money markets stimulated Gilt-edged securities, which put up one of their best performances for some time. Long-dated stocks attracted revived overseas demand as well as domestic investment funds and closed with gains ranging to a point and occasionally more. From today, *supplies of the* three new £250m tappettes, announced shortly after the official close on Tuesday, will become available to the market.

Good support was also noted for the shorts where final gains ranged to ½: the recently exhausted tap stock, Treasury 11½ per cent 1985, advanced ¼ to 87⅞. The Government securities index was able to record its largest daily rise, up 0.61 at 61.56, since July 27.

Wall Street's relatively calm reaction to President Sadat's assassination, helped to dispel initial uncertainty in the equity sectors and leading shares soon began to *follow the trend of* Gilts. Trading conditions remained extremely thin with the bulk of the day's business representing professional attempts to reconcile short book positions. Despite opening firmness in New York, many leaders failed to hold their best levels.

*Middle East uncertainties, in*cluding unfounded reports of the closure of the Suez Canal, incited a heavy trade in Oils which closed with substantial gains, while Properties responded to the easing in interest rates and rallied smartly. Elsewhere, company trading statements generated a fair amount of interest and a number of bright features were forthcoming.

Oil issues continued to attract the lion's share of the business in Traded options. **British Petroleum** recorded 611 calls and 187 puts, while **Shell Transport** were dealt 200 times for the call and 25 for the put. **Lasmo** attracted 149 calls. Total contracts completed yesterday amounted to 2,062.

Habitat staged a successful market debut; expected to command only a small premium over the tender price of 110p, the *shares* opened at 120p and advanced to 130p.

Hambro Life down late

Supported up to 375p in the early trade, **Hambro Life** *reacted* sharply to close 18 down on balance at 347p following the profits warning. **Legal and General**, however, firmed 5 to 228p on the announcement that the company is to cease underwriting general insurance business in Australia where it *incurred a £2.8m* loss last year and a deficit of £1.4m during the first-half of the current period. **Equity and Law** put on 8 to 368p as did **Sun Life**, to 296p. **Lloyds Brokers** gained ground with **C. E. Heath**, 285p, and **Stewart Wrightson**, 212p, up 10 and 9 respectively. **Minet** improved a few pence to 146p awaiting today's interim results. Among Composites, **GRE** picked up 10 at 314p and **Royals** 7 at 365p.

Leading Buildings staged a *useful rally*, but gains were often unrepresentative of turnover which remained small. **Blue Circle**, at 450p, recovered all of the previous day's fall of 12, while **Ready Mixed Concrete** firmed 6 to 182p. **BPB Industries** improved 4 to 242p. Secondary issues featured **Higgs and Hill**, which put on 12 to 127p following the sharply higher interim profits and chairman's confident statement on current trading.

Bear closing helped **ICI**, 262p, regain 12 of the previous day's fall of 16. **British Benzol** gained the turn to 19p after confirmation of the recently rumoured rights issue.

Stores firmer

Leading Stores often displayed moderate gains, but **Gussies "A"** stood out with a gain of 10 at 395p. **House of Fraser**, 145p, and **Marks and Spencer**, 117p, both added 3, while **W. H. Smith** rose 5 to 152p. Secondary issues moved irregularly with concerns reporting trading statements capturing most of the attention. ***Harris Queensway*** were briskly diate response to the interim results before drifting lower to close a net 2 cheaper at 108p. Disappointing first-half earnings from ***Combined English*** were *out*weighed by the chairman's confident view on prospects and the close was 3 better at 39p. **Foster Bros. Clothing**, on the other hand, after revealing a sharp setback in mid-term profits, fell 6 to 56p. Support was forthcoming for **James Beattie "A,"** 5 up at 134p, and for **Owen Owen**, 4 dearer at 190p, but **Currys**, interim results expected next Monday, came under late pres-traded, rising to 114p in imme*sure and eased 5p to 155p.*

Defence stocks rallied smartly from the previous day's depression attributed to Press comment concerning the soaring cost of the Trident missile programme and strong possibility that it may be substantially cut-back. **Racal** rebounded 15 to 415p, while **GEC** *picked up 13 to 690p and* **Plessey** 10 to 310p. **British Aerospace** recovered 8 at 190p and **Ferranti** gained 10 to 495p. Elsewhere, **Thorn EMI** put on 7 to 427p as did **BICC**, to 237p. Firm recently on news of the £170m order for an undersea telecommunications cable between Australia and Canada, **Standard Telephones and Cables** rose 10 more to 435p. **Farnell** jumped 20 to 455p awaiting today's interim results.

Bearish reports from analysts who have attended an investment seminar called by **Babcock International** on Tuesday evening induced nervous selling of *the shares which fell to a 1981* low of 80p before rallying to close a net 4 down on the day at 84p. Elsewhere in Engineerings, **Hallite** rose 6 to 210p on hopes of a rival bid, or increased offer from General Tire and Rubber of S.A., following the Hallite strong rejection of the latter's first offer of 200p per share. **Howard Machinery** improved 2 to 19p on the announcement that Diamond Industries has increased its stake in the company to *just over 17 per cent, while* **Greens Economiser** hardened a similar amount to 135p awaiting today's interim results. Of the quietly firm leaders, **Hawker** stood out with a rise of 10 to 288p; the interim results are due on October 21. **GKN** put on 4 to 150p as did **Tubes**, to 110p.

The undertone in Foods was generally firm and **Cadbury Schweppes** rose 3 to 82p following a broker's bullish circular. **J. Sainsbury** hardened 5 to 440p and **Associated Biscuit** 4 to 67p, but **Rowntree Mackintosh** shed 4 to 150p, after 148p. Elsewhere, **Home Farm** added a couple of pence to 63p on better-than-expected results, while renewed demand in a thin market lifted **Amos Hinton** 9 to 166p. **Cullens A** were a notable dull spot, closing 12 down at 148p on lack of interest.

Speculative demand fuelled by bid rumours lifted **Wheeler's Restaurants** 30 to 295p.

Glaxo rally

Owing to technical influences, the miscellaneous industrial leaders staged a strong rally. **Glaxo** rebounded 12 to 390p, after 392p, as the odd buyer appeared ahead of Monday's preliminary results. **Bowater** added 8 at 213p as did **Unilever**, at 568p, while **Pilkington** put on 7 to 272p. Secondary issues paraded several features, a number following trading statements. The inc*reased interim dividend and* jump in first-half profits helped **J. B. Holdings** rise 10 to 82p, while **United Carriers** appreciated 12 to 142p on better-than-expected half-yearly figures. Satisfactory interim figures also helped **Holt Lloyd International** put on 6 at 58p and **Christies International** rise 8 to 168p. **ICL** continued its recent recovery, rising 3 more to 39p on news of the link-up with Japan's premier computer concern-Fujitsu. Awaiting news of the bid discussions currently taking place with Preussag AG of Hanover, **Amalgamated Metal** rose 15 to 390p. Investment buying lifted **BTR** 11 to *334p, but Fothergill and* Harvey fell 8 to 120p following disappointing first-half results.

Lessening pressures on short-term interest rates touched off fresh support for Properties, but the leaders closed below the best. **Land Securities** closed 7 dearer at 290p, after 293p, and ***MEPC*** *similarly higher at 210p*, after 213p. **Great Portland Estates** firmed 6 to 184p, while **Scottish Metropolitan** hardened following the annual results and property revaluation. The increased interim revenue lifted **Laing Properties** 5 to 190p, but adverse Press comment clipped 3 from **Marler Estates** at 62p. Renewed demand prompted a gain of 30 to 275p in **Rosehaugh**, **Greycoat Estates** gained 20 to 170p and **Centrovincial Estates** 6 to 176p. **Daejan** firmed 7 more for a two-day gain of 13 to 137p.

Oils busy

Middle East uncertainties—together with rumours, later denied, that the Suez Canal had been closed touched off another heavy trade in the *Oil majors*. **British Petroleum**, down to 298p initially, picked up to close 2 dearer on balance at 300p, but **Shell** settled that much cheaper at 350p, after 354p. Secondary issues encountered useful demand and **Burmah** firmed 5 to 113p, **Lasmo** 35 to 505p, and **Ultramar** 15 to 460p. **Tricentrol** gained 12 at 248p and **Charterhouse** rose 5 at 73p. **Clyde Petroleum** advanced 18 to 148p and **CCP North Sea** put on 15 *to 173p, while* gains of around 9 were marked against onshore explorers **Candecca**, at 152p, and **Carless Capel**, at 125p. **Floyd** firmed 5 to 90p on the encouraging results.

Shippers attracted quality support and closed with useful gains across the board. **Ocean Transport** were outstanding at 103p, up 8, while **Lofs** finished 2½ to the good at 33p, after 35p. **Graig** rose 2 points to £21, albeit in a restricted market.

Textiles trended firmer where changed. **Courtaulds** advanced 3 to 54p and **Dawson International** were also wanted at 119p up 6. **Lister**, annual *results due on Friday, added 3 at 36p.*

Interest in Plantations was focused on takeover situations. **Warren** opened sharply higher in response to the counter-offer from International Plantations and Finance of Denmark of 240p cash per share, announced late on Tuesday; original and rival suitors **McLeod Russel** quickly increased its cash and Convertible package to a value slightly in excess of the *IPF offer and soon* announced over 50 per cent acceptances with the result that Warren closed 16 higher at 241p. McLeod rose 23 to 312p. **Blantyre's** vehement *rejection of the* 69p per share cash offer from Eastern Produce lifted the former 7 to 77p.

Golds drift

The flurry of speculative activity in mining markets late on Tuesday, fell following news of the assasination of Egypt's President Sadat, completely evaporated yesterday as the bullion price fell away to close $5.5 down at $444.5 an ounce.

Consequently, turnover in Gold stares contracted to minimal levels and the market tended to drift throughout the day despite one or two attempts at minor rallies.

The Gold Mines index, registering its first decline in seven trading days, gave back 6.8 to 394.7.

In the heavyweights **Randfontein** dipped £1¼ to £30⅝, while similar falls were seen in **Driefontein**, £15, **Hartebeest**, £31⅝, **Kloof**, £17⅜ and **Vaal Reefs**, £38.

An exception to the general rule was **Southvaal**, which continued to improve on Johannesburg interest and closed a further ⅜ up at £19⅜.

Financials were quietly mixed. The South Africans showed **Anglo American Corporation** 20 down at 735p, **Gencor** ⅜ off at £11¼ and **UC Investments** 15 lower at 650p.

Platinums were easier although **Rustenburg** held steady around 265p still reflecting the better-than-expected earnings and increased final dividend announced on Monday.

FINANCIAL TIMES STOCK INDICES

	Oct. 7	Oct. 6	Oct. 5	Oct. 2	Oct. 1	Sept. 30	A year ago
Government Secs	61.56	60.95	60.93	60.60	60.66	60.67	70.84
Fixed Interest	62.77	62.50	62.30	62.23	62.26	62.18	71.92
Industrial Ord	486.7	475.0	490.4	476.3	476.0	475.4	478.5
Gold Mines	394.7	401.5	387.0	378.5	377.9	371.2	516.6
Ord. Div. Yield	6.11	6.26	6.08	6.28	6.31	6.32	7.71
Earnings, Yld. % (full)	10.28	10.53	10.23	10.56	10.75	10.77	17.40
P/E Ratio (net) (*)	12.52	12.23	12.58	12.19	11.95	11.91	7.04
Total bargains	20,056	16,360	17,325	18,093	18,385	24,319	20,198
Equity turnover £m.	—	103.83	113.86	90.85	106.81	125.29	113.55
Equity bargains	—	15,643	12,326	11,861	14,137	19,225	15,101

10 am 477.6. 11 am 477.3. Noon 484.1. 1 pm 483.4.
Latest Index 01-246 8026.

2 pm 484.1. 3 pm 487.8.
* Nil = 11.12.

Basis 100 Govt. Secs. 16/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/5)	60.45 (28/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.94 (28/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 6	Oct. 5
Daily		
Gilt Edged Bargains	215.6	205.9
Equities Bargains	88.4	79.9
Value	209.9	228.1
5-day Avrge.		
Gilt-Edged Bargains		
Equities Bargains	183.6	180.4
Bargains	92.8	109.9
Value	218.0	2,345

NEW HIGHS AND LOWS FOR 1981

NEW HIGHS (5)

BRITISH FUNDS (1)
Treasury 3pc '82
ENGINEERING (1)
Hallite
INDUSTRIALS (1)
Hoskins & Horton
INSURANCE (1)
Howden (A.) Warrants
MINES (1)
Cons. Modderfontein

NEW LOWS (25)

AMERICANS (4)
Alcoa — Crown Zellerbach
Burroughs Corp — Kaiser Al.
CANADIANS (1)
Canadian Pacific 4% Deb
BANKS (1)
Ottoman Bank
BUILDINGS (1)
Meyer (M. L.)
CHEMICALS (1)
Rentokil
ENGINEERING (1)
Babcock Int.
FOODS (1)
Home Farm
MOTORS (2)
Dorada — Gossips
TRUSTS (3)
Channel Is. Cap. — Sonusbond
Eng. & Int.
OIL & GAS (1)
Energy Sources
RUBBERS (3)
Anglo Indonesian — Cons. Plantations
Barlow Hlds.
MINES (6)
Oilmin — Supreme Corp
Pacific Copper — Tanokah Harbour
Sungei Besi — Burma Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	—	1
Corpns. Dom. & Foreign Bonds	38	1	33
Industrials	350	174	849
Financial & Props.	181	69	252
Oils	47	19	37
Plantations	2	6	15
Mines	31	78	58
Others	24	86	85
Totals	762	432	1,330

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	334	+11	Lon and O'seas Frtrs	33	+ 2½
Beecham	192	+ 6	LASMO	505	+35
BP	300	+ 2	Plessey	310	+10
GEC	690	+13	Racal Elec.	415	+15
Glaxo	390	+12	Shell Trans.	350	− 2
Harris Queensway	108	− 2	Unilever	568	+ 8

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
BP New	20	138	− 2	Bowater	12	205	− 9
ICI	18	250	−16	Distillers	12	174	− 3
GEC	16	677	−21	Euro Ferries	12	72	− 3
Plessey	14	300	−10	Fosoco Map Nw	12	5½pm	+ 2
Racal Elec	14	400	−10	BTR	11	323	− 5
Tricentrol	14	236	+12	Glaxo	11	378	−14
Shell Trans	13	352	+12	Grand Met.	11	167	− 6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22

For rate indications see end of Share Information Service

Money was given for the call of Woodside, Premier Oil, Chubb, Palliser Resources, ICL, NCC, Jardine Matheson, Tubes, Poseidon, North Kalgurli, Marievale, Leyland Paint, Rothmans, Attwood Garages and Double Eagle. A put was done in Marks and Spencer, while doubles were arranged in ICL, BP, Woodside, ICI, Premier Oil and Lasmo.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Oct. 7, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Oct. 6 Index No.	Mon., Oct. 5 Index No.	Fri., Oct. 2 Index No.	Thurs., Oct. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	320.93	+1.6	11.02	4.92	11.20	315.79	320.51	313.21	308.96	283.86
2	Building Materials (25)	277.82	+1.4	16.40	6.20	6.95	273.31	275.76	272.13	269.29	258.75
3	Contracting, Construction (28)	491.44	−0.1	19.31	5.80	6.02	491.83	493.36	490.64	480.93	419.62
4	Electricals (30)	1081.63	+2.4	8.43	2.65	14.81	1055.81	1084.07	1046.94	1033.97	876.32
5	Engineering Contractors (9)	438.48	−0.8	14.77	6.28	7.98	442.00	431.08	429.31	421.18	343.12
6	Mechanical Engineering (66)	178.33	+1.3	12.42	6.15	10.45	176.05	178.89	174.99	173.45	178.82
8	Metals and Metal Forming (13)	150.58	+1.5	9.57	7.87	14.15	148.37	147.61	146.49	143.82	157.15
9	Motors (21)	90.72	+1.5	—	7.43	—	89.38	91.86	88.74	88.97	97.93
10	Other Industrial Materials (18)	343.93	+1.4	9.60	6.57	12.68	339.08	340.02	335.15	326.54	0.00
21	CONSUMER GROUP (197)	252.96	+1.5	13.80	6.39	8.93	249.21	253.53	247.10	245.53	238.48
22	Brewers and Distillers (20)	264.52	+1.1	16.96	7.31	7.10	261.77	266.98	259.95	257.04	278.84
25	Food Manufacturing (21)	242.65	+0.7	16.48	6.94	7.32	240.88	243.01	236.84	234.08	219.66
26	Food Retailing (15)	506.38	+0.8	9.84	3.53	12.16	502.50	507.40	500.56	493.02	388.88
27	Health and Household Products (7)	313.88	+2.5	8.81	4.71	13.56	306.13	317.64	308.43	305.23	230.89
29	Leisure (24)	393.43	+1.2	10.35	5.59	11.98	388.79	391.44	380.27	378.51	346.03
32	Newspapers, Publishing (12)	442.38	+0.8	13.91	6.78	10.30	439.01	439.31	432.60	420.88	447.85
33	Packaging and Paper (13)	126.46	+2.4	15.25	8.42	7.92	123.52	125.63	122.32	120.91	122.77
34	Stores (45)	228.99	+1.9	12.55	5.81	10.63	224.75	228.70	222.83	223.39	237.18
35	Textiles (23)	142.21	+2.3	8.84	6.46	15.77	139.06	139.29	138.20	136.61	120.24
36	Tobaccos (3)	248.64	+2.3	22.87	10.47	5.03	243.10	252.11	243.02	244.81	224.34
39	Other Consumer (14)	247.75	−0.9	8.11	7.00	19.61	249.97	245.39	241.70	239.13	0.00
41	OTHER GROUPS (80)	207.66	+1.8	11.94	6.82	10.72	204.04	208.46	204.46	201.49	219.97
42	Chemicals (16)	269.00	+3.2	6.00	6.67	27.76	260.68	271.28	263.76	263.25	294.80
44	Office Equipment (5)	96.81	+0.2	17.64	8.83	6.81	96.62	98.17	98.14	98.25	105.37
45	Shipping and Transport (13)	468.44	+2.2	22.58	7.83	5.27	458.21	464.45	461.43	448.58	574.07
46	Miscellaneous (46)	269.40	+0.4	13.99	6.19	8.67	268.43	269.53	264.75	257.32	280.93
49	INDUSTRIAL GROUP (487)	269.78	+1.6	12.51	5.88	9.90	265.57	270.08	263.70	261.03	253.30
51	Oils (13)	686.79	+0.9	20.73	8.22	5.46	680.84	668.95	637.84	622.59	873.08
59	500 SHARE INDEX	303.59	+1.5	14.01	6.31	8.63	299.23	301.78	294.05	290.36	302.34
61	FINANCIAL GROUP (119)	243.28	+1.1	—	6.24	—	240.57	244.55	237.60	233.38	251.73
62	Banks (6)	253.81	+0.4	35.18	7.42	3.35	252.75	257.22	252.09	250.16	249.21
63	Discount Houses (10)	230.95	−0.5	—	9.81	—	232.16	231.61	232.19	229.81	296.26
64	Hire Purchase (3)	206.67	+0.3	15.05	8.95	9.20	206.12	203.15	199.64	198.22	234.83
65	Insurance (Life) (10)	258.09	+0.3	—	6.15	—	257.28	262.55	254.11	252.61	262.47
66	Insurance (Composite) (10)	160.77	+2.0	—	8.33	—	157.60	161.94	158.09	154.61	177.90
67	Insurance Brokers (8)	410.73	+2.3	11.20	5.85	12.15	401.32	405.87	393.14	385.50	349.20
68	Merchant Banks (13)	144.51	−0.5	—	5.57	—	145.21	144.57	137.53	134.59	148.05
69	Property (50)	424.90	+1.8	4.52	3.35	29.93	417.22	423.42	408.65	396.56	464.96
70	Miscellaneous (9)	163.02	—	19.88	6.79	6.11	163.01	162.59	157.77	155.21	155.24
71	Investment Trusts (109)	275.67	+1.2	—	5.80	—	272.43	273.73	270.88	266.81	278.51
81	Mining Finance (3)	240.27	+0.1	14.40	5.92	8.35	240.04	238.47	231.31	232.49	267.32
91	Overseas Traders (19)	401.50	+1.5	11.75	7.41	10.82	395.69	397.00	389.73	383.08	459.37
99	ALL-SHARE INDEX (750)	291.29	+1.3	—	6.28	—	287.43	290.09	282.78	279.62	294.32

FIXED INTEREST

	PRICE INDICES	Wed., Oct. 7	Day's change %	Tues., Oct. 6	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.86	+0.47	104.36	—	7.82
2	5-15 years	99.38	+1.09	98.31	—	10.01
3	Over 15 years	100.73	+1.15	99.59	—	10.50
4	Irredeemables	107.88	+1.42	106.37	—	9.05
5	All Stocks	101.31	+0.90	100.40	—	9.38
6	Debentures & Loans	76.95	−0.01	76.96	—	8.18
7	Preference	58.92	—	58.92	—	5.75

	AVERAGE GROSS REDEMPTION YIELDS		Wed., Oct. 7	Tues., Oct. 6	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.65	13.82	11.50
2		15 years	14.06	14.20	11.50
3		25 years	14.15	14.28	11.58
4	Medium Coupons	5 years	15.93	16.16	12.90
5		15 years	15.97	16.18	13.07
6		25 years	15.51	15.71	12.86
7	High Coupons	5 years	15.95	16.17	13.05
8		15 years	16.14	16.32	13.31
9		25 years	15.78	15.94	13.10
10	Irredeemables†		13.95	14.15	11.07
11	Debs & Loans	5 years	16.67	16.66	13.90
12		15 years	17.06	17.06	13.84
13		25 years	17.08	17.08	13.79
14	Preference†		16.74	16.74	14.52

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
‡110	F.P.	—	128	120	Habitat	130	.....	u3.6	1.4	4.0	24.3
25	F.P.	18/9	28	24	JapanAssets Trust 10p	24½	..	—	—	—	..
62	F.P.	2/10	56½	43	Jeavons Eng.	43	−2	b3.75	1.7	12.6	5.6
28	F.P.	30/10	30	24	✱Lon. Private Health	30	...	—	—	—	—
—	F.P.	—	£10¼	£10¼	Lowe's Co's US $0.50	£10¼	...	Q72c	—	3.9	—
‡100	F.P.	30/10	103	97	MarineAdv.SailTst. £1	97	...	—	—	—	—
—	F.P.	—	180	148	Nippon Electric	159	+4	Q325%	2.9	1.0	35.1
100	F.P.	26/10	103	94	Precious Metals Tst.	103	+1	—	—	—	—
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	11	...	—	—	—	—
§2	F.P.	28/8	120	98	St'ckhold'rsF.E.Inv $1	98	...	—	—	—	—
66	F.P.	16/10	92	75	✱Thorpac	83	...	b1.82	3.7	3.1	10.9
—	F.P.	16/10	165	155	✱UtdFrd'lyIns.B.R.V.	156	...	h6.25	—	5.7	—
‡15	F.P.	25/9	17½	7	✱WillaireSystems 10p	7	.....	—	—	—	—
¶¶	F.P.	11/9	16	6	Do. Rest. Div.10p	6	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	127	110	Amal Dist. Products 10 Cv. Ln. '97	115	......
‖	Nil	—	½pm	¼pm	Austin (F.) Leyton 11½% PtlyCnv.Red 1994	¼pm	−¼
100	£40	30/10	38⅞	37½	Birmingham Drop-Lock '86/93	38⅝	+⅛
100‖	F.P.	28/8	113	96	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	106	......
**	F.P.	—	99½	95	Hawley Leisure 12⅛% Cum. Pref.	95	......
§100	F.P.	—	100⅛	98	Nat'wide Bdg Society 14⅞% Bds 25/8/82	98¼	......
§100	F.P.	—	99¾	98¼	Do. 15⅜% Bds 29/8/82	99	......
100	£10	—	101	100¼	Portsmouth 10% Prf. 1986	100¼	......
¶¶	F.P.	21/9	93p	63p	Sterling Credit 3.5% Cnv. Red. Pref.	65p	......
—	—	—	2½p	½p	Do. Warrants	2¼p	−¼
97.33	£30	—	29⅝	27	Utd. Mexican States 16⅛% Ln. 2008	28¾	+¼
¶100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '86	100½	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
60	F.P.	24/9	15/10	84	62	Amal. Dist. Products	71	+1
10	Nil	9/10	11/11	3½pm	¼pm	Astra Ind.	½pm	......
226	F.P.	2/10	6/11	269	223	BICC	232	+2
275	125p	13/7	2/12	182	104	BP	152	+14
76	Nil	13/10	12/11	2½pm	¼pm	Brown (J.)	¼pm	−¼
182	Nil	—	—	6½pm	½pm	Foseco Minsep	6½pm	+1
90	Nil	21/10	26/11	7pm	½pm	Heclamat	6 pm	----
12½	F.P.	9/10	18/9	30½	20	Jantar	20	−1
110	F.P.	7/9	19/10	133½	106	Laird Grp.	112	+2
35	F.P.	21/8	2/10	60	39	Lane (Percy)	46	......
107	F.P.	30/9	6/1	131	98	Morgan Crucible	102	......
A$1	P.P.	—	—	196	104	Pancontinental	110	−2
112	F.P.	25/9	6/11	125	102	Trusthouse Forte	112	+1
360p	F.P.	9/9	9/10	550	359	Utd. Scientific	452	+10
250	Nil	23/10	19/11	32pm	12pm	Viner's Unitst	12pm	−8

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking *only for restricted dividends.* *§ Placing price.* *p Pence unless otherwise* indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under Special Rule. ✱ *Unlisted Securities Market.* ‡‡ *London Listing.* ‡ *Effective issue price after* scrip. † Comprising 50 Ord of 1p and £1 of 10pc Ln 1988.

OFFSHORE & OVERSEAS-contd.

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets ......|£199.71 199.75|+0.11| —

Charterhouse Japhet
1 Paternoster Row, EC4. 01-248 3999
Emperor Fund* ......|$7.26 7.62| ....| —
Hispano ......|$43.34 45.53| ....| 6.30
*Prices at Sept. 30. Next sub. day Nov. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust.|1.3723 1.4445| ....| 4.00
Normandy Com. Tst. ...|1.2993 1.3677| ....| 4.00

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ......|228.0 248.0| ....| —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ......|US$90.23 — |−0.44| —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ......|85.1 85.2| −1.1| 15.85
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa ......|DM33.14 34.80| ....| —

Delta Group
P.O. Box 3012, Nassau, Bahamas.
Delt. Inv. Sept. 29 ....|$3.20 3.36| ....| —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra ......|DM27.23 17.66|+0.03| —
Int. Rentenfonds ......|DM58.52 59.98| ....| —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Sept. 29 ......|US$29.08 30.88| ....| ....

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling ......|£37.4 39.3| ....| 6.70
DL International ......|$1.12 1.18| ....| 5.80

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. ......|130.7 143.1|−19.2| —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* ......|61.7 65.7| +2.1| 7.61
E. A. Sterling* ......|£70.42 70.47|+0.14| —
E. A. Equity* ......|£60.66 64.54|+1.64| 1.94
Wardgate Cm. Fd.** ...|£16.26 16.92| ....| 2.96
*Next dealing Oct. 14. **Next dealing Oct. 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. ......|US$20.40 21.05| ....| 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ...| US$44.46 |−0.10| 1.84

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund ....|95.00 100.00| ....| —

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4 01-623 4680
F&C Atlantic Fd. SA .| US$9.77 | ....| 0.50
F. & C. Oriental Fd. ...| US$20.12 | ....| 1.54
Prices September 30. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets ......| US$35.63 |+0.12| 1.40
Am. Vals. Com.Pf. $3* .| $102.50 | ....| 3.00
American Vals. Com.* .| $9.59 | |
Dollar Savings Trust ...| US$84.87 — |+0.06| 17.00
Far East ......| US$29.56 |−0.03|
International ......| US$35.77 | ..| 0.64
Pacific ......| US$96.05 | | 0.27
World ......| US$20.89 |+0.08|
Gilt Fund ......|20.7 20.9| +0.1| 14.95
*Prices at August 31.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. ......|23.8 25.1| ....| 5.30

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Oct. 6 ......| US$63.54 | ....| 4.70

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins ......|DM38.78 42.38|+0.24| —
Frankft. Effekt. Fd. ...|DM56.14 59.09|−0.42| —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Aug. 31 ......| US$146.28 | ....| —

G. T. Management (U.K.) Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units ......|US$1.54 1.59| ....| 1.53
Anchor Gilt Edge ......|£7.83 7.87xd|−0.02| 16.14
Anchor Int. Fd. ......|US$7.75 7.74| ....| 1.54
Anchor In. Jsy. Tst. ...|44.8 47.8| ....| 1.57
Berry Pac Fd. ......|US$0.21xd | ....| 0.90
Berry Pac Strlg. ......|£4.13 4.3160| ....| 0.96
G.T. Asia Fd. ......| HK$21.52 | ....| 1.16
G.T. Asia Sterling ......|£28.61 29.78xd| ....| 1.75
G.T. Australia Fd. ......| A$29.09 |+0.50| 1.20
G.T. Bond Fund ......| US$10.57 |+0.09| 10.88
G.T. Dollar Fd. ......| US$11.29xd | ....| 1.33
G.T. Dlr. (Strlg.) Fd. ...|£14.55 15.15| ....| 1.03
G.T. Invest. Fd. ......|US$16.28 | ....| 0.62
G.T. Japan Small Cos. ...| US$14.75 | ....| —
G.T. Technology Fd. ...| US$25.51 | ....| —
G.T. Pacific Fd. ......| US$15.44 |−0.03| 0.23
G.T. Accel Growth Fd. ...| US$10.06 | ....| 0.50

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) ......|76.0 80.0| ....| 14.65

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. ......|US$7.186 7.690| ....|
HK & Pac. U. Tst. ......|HK$7.343 7.809| ....| 2.60
Japan Fd. ......|US$22.384 23.978|+1.64| 0.60
N. American Tst. ......|US$21.172 22.661|+1.27| 1.00
Intl. Bond Fund ......|US$9.118 9.607| ....| 9.60

Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. ......|20.3 21.6| ....| 15.40
Gartmore Intl. Grth. ...|140.3 149.3| ....| 0.60

Assicurazioni GENERALI S.p.A.
P O Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. | £113.50 | ....| —
Dollar Mngd Fnd. ....| US$100.75 | ....| —

Granville Management Limited
P O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. ......|£7.28 7.69| ....| 4.88
Next dealing day Oct. 15

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund ......|$20.86 21.43| ....| 11.20
Prices at Sept. 23. Next dealing Oct. 15.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East Oct. 1 ......|HK$24.28 26.00| ....| —
Japan Fund Oct. 5 ......|US$9.75 10.47| ....| —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. ..|£13.64 13.66| ....| 0.24
C.I. Fund ......|193.5 206.1| ....| 3.51
Special Sits. Fund ......|72.3 76.2xd| ....| 3.88
Trans. Nat. Trust ......|$0.964 1.021|+0.04| 3.34
Intnl. Bond ......|US$99.86 105.12| ....| 9.93
Int. Equity ......|US$15.42 16.23xd| ....| 1.09
Int. Svgs. 'A' $US ......|1.25 1.32| ....| —
Int. Svgs. 'B' ......|1.64 1.73| ....| —
Prices on Oct. 7. Next dealing Oct. 14.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) .|125.5 132.1| ....| —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Tech. *Oct. 7|US$17.71 18.93|+1.09| —
Japan Fd. *Sept. 30 ...|US$28.73 29.96| ....| —
Malay Sing. Sept. 22 ...|US$17.23 18.38| ....| —
Pacific Fd. *Sept. 30 ...|13.889 14.234xd| ....| —
Bond Fd.* Oct. 1 ......|US$9.931 10.079| ....| 10.00
PO Box 71, 7 New St., Peter Port, Guernsey, C.I.
Gilt Fd † ......|£8.24 8.32xd| ....| 14.50
*Inclusive of Preliminary charge. †Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. ......|185.5 198.5| +2.3| 3.39

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

Ramineo Managers Ltd.
P.O. Box 1549, Hmltn, Bermuda.
RAMINCO Oct. 5 ......|$8.62 8.89| ....| —

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 25914

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114
Equity Accum. (2) 247.6 260.6 +10.1 4.16

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815
Property Fd. Aug. 31 153.90 ... 6.83
Wider Fund Aug. 31 296.75 ... 4.76
Narrower Fd. Aug. 31 72.20 ... 14.14
*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
American 70.6 75.5 −1.2 2.39
(Accum. Units) 76.4 81.7 −1.3 2.39
American Recovery 76.4 81.7 −1.5 1.69
(Accum. Units) 78.9 84.4 −1.4 1.69
Australasian 87.7 93.8 −0.1 1.52
(Accum. Units) 92.2 98.6 −0.1 1.52
Commodity 124.4 133.1 +0.5 3.59
(Accum. Units) 147.8 158.1 +0.6 3.59
Compound Growth 171.3 186.7 +1.7 3.36
Conversion Growth 114.5 122.5 −0.4 2.70
Conversion Income 71.6 76.6 +0.9 9.47
Dividend 124.0 132.7 +0.1 10.20
(Accum. Units) 283.8 303.7 +0.4 10.20
European 59.6 63.8 −0.2 3.72
(Accum. Units) 66.4 71.0 −0.2 3.72
Extra Yield 76.2 81.1 ... 10.27
(Accum. Units) 128.5 140.1 +0.1 10.27
Far Eastern 104.2 112.5 −0.3 1.66
(Accum. Units) 119.9 129.5 −0.3 1.66
Fund of Inv. Tsts. 86.7 94.5 +0.3 5.01
(Accum. Units) 118.3 128.9 +0.4 5.01
General 220.8 237.4 +1.1 6.40
(Accum. Units) 389.9 419.1 +1.8 6.40
Gilt Income 42.7 44.8 ... 13.13
(Accum. Units) 45.2 47.5 ... 13.13
High Income 104.2 111.5 ... 9.84
(Accum. Units) 214.9 229.9 −0.1 9.84
Japan 181.9 195.5 +1.1 0.67
(Accum. Units) 191.3 205.7 +1.2 0.67
Magnum 317.6 339.8 +1.9 5.54
(Accum. Units) 447.1 478.4 +2.5 5.54
Midland 155.6 166.5 +0.4 9.16
(Accum. Units) 307.2 328.7 +0.7 9.16
Recovery 113.2 122.8 +0.4 5.17
(Accum. Units) 128.6 139.5 +0.5 5.17
Second General 239.4 257.4 +1.7 5.56
(Accum. Units) 405.8 436.2 +2.5 5.56
Smaller Companies 250.0 267.5 +1.2 4.62
(Accum. Units) 346.9 371.2 +1.8 4.62
Specialised Funds
Trustee 160.2 173.0 −0.1 7.66
(Accum. Units) 373.4 403.3 −0.2 7.66
Charibond Oct. 6 86.7 +0.5 14.77
Charifund Oct. 6 153.4 155.8 ... 9.77
Pension Ex. Oct. 5 170.6 180.0 ... 7.30

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101
Gilt&Fxd Int. 49.8 50.8 ... 5.49
Growth Units 73.9 77.8 ... 5.17

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099
Income Oct. 5 100.6 105.8 ... 8.88
General Oct. 5 72.9 76.7 ... 5.02
Intl. Oct. 5 59.4 62.5 ... 3.45

McAnally Fund Management Ltd.
Regis Hse., King William St., EC4. 01-623 4951
Delphi Inc. Tst. Acc. 32.9 36.6 ... 9.22
Delphi Inc. Tst. Inc. 25.6 28.3 ... 9.22

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555
Gen. Dist. 75.3 80.1xd +0.6 4.81
Gen. Acc. 110.8 117.8 +0.9 4.81
Inc. Rec. 44.0 46.8 +0.5 7.93
Intl. Dist. 95.5 101.6 +0.5 2.48
Intl. Acc. 110.9 117.9 +0.5 2.48
Ext. Dist. Oct. 7 78.2 81.5 ... 4.48
Ext. Acc. Oct. 7 106.7 111.1 ... 4.48
Gilt Fund 50.7 51.2 +0.1 —

Midland Bank Group Unit Trust Managers Ltd.
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842
Commodity & Gen. 106.3 115.0 +1.1 2.75
Acc. Uts. 133.5 145.8 +1.4 2.75
Overseas Growth 47.9 51.8 +0.4 2.23
Do. Accum. 54.5 58.9 +0.3 2.23
Capital 29.7 32.1 +0.1 4.51
Do. Accum. 35.9 38.8 +0.2 4.51
Income 56.4 61.0 +0.2 7.01
Do. Accum. 77.5 83.7 +0.3 7.01
North American 49.3 53.1 −0.5 2.14
Do. Accum. 55.3 59.6 −0.5 2.14
High Yield 55.4 59.7xd −0.1 9.51
Do. Accum. 74.6 80.6 −0.1 9.51
Japan & Pacific 66.2 71.6xd −0.1 1.30
Do. Accum. 67.8 73.4 −0.1 1.30
Gilt & Fixed Int. Tst. 40.8 42.5xd +0.2 13.71
Do. Accum. 44.7 46.5 +0.2 13.72
Equity Exempt* 114.0 120.3xd ... 5.38
Do. Accum.* 127.9 134.9 ... 5.38
*Prices at Oct. 2. Next dealing Oct. 9.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050
Minster Sept. 28 39.9 41.9 ... 8.46
Exempt Sept. 30 108.9 112.9 ... 8.70

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177
MLA Units 86.5 90.8 ... 4.17

Murray Johnstone U.T. Mgmt. (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521
Murray European 61.1 65.9xd ... 2.10
Murray Smlr. Cos. Fd. 66.7 72.6 ... 2.48
Dealing Day Friday.

Mutual Unit Trust Managers (a)(g)
Broad St. Ave., Blomfield St., EC2. 01-638 3911-2.
Mutual Sec. Plus 48.2 52.2 −0.2 7.93
Mutual Inc. Tst 72.4 77.8 −0.2 8.32
Mutual Blue Chip 46.0 50.0 −0.2 7.80
Mutual High Yld 51.4 55.4xd +0.4 10.22

National Provident Inv. Mngrs. Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200
NPI Gth. Un. Tst.* 58.2 62.0 ... 6.00
(Accum. Units)* 80.9 86.1 ... 6.00
NPI O'seas Trust** 206.1 218.1xd ... 1.99
(Accum. Units)** 237.0 250.8 ... 1.99
*Prices on Sept 29. Next dealing Oct. 14
**Prices on Sept. 24. Next dealing Oct. 29.

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-606 6060
Capital (Accum.) 107.3 115.3 +0.1 2.87
Extra Inc. 55.2 59.3 +0.3 9.42
Financial 47.9 51.5 −0.1 3.95
Growth Inv. 103.1 110.8 +0.6 4.38
Income 41.5 44.6xd +0.2 6.54
Portfolio Inv. Fd. 76.7 81.1 +0.6 5.60
Recovery Trust 44.3 47.6 ... 4.95
Smaller Companies 62.4 67.0 +0.2 4.24
Universal Fd 59.0 63.4 +0.2 1.49

NEL Trust Managers Ltd. (a) (g)
Milton Court, Dorking, Surrey. 0306 887766
Nelstar 68.6 73.2 ... 5.70
Nelstar Gilt & F.I. 48.7 49.9 +0.2 7.02
Nelstar High Inc. 34.6 36.4xd ... 8.68
Nelstar International 56.5 59.8 ... 2.93

Northgate Unit Trust Managers Ltd. (c)(y)
20, Moorgate, EC2R 6AQ 01-606 4477
Northgate Oct. 1 100.9 107.0 ... 4.93
(Accum. Units) 107.4 113.9 ... 4.93

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200
Group Tst. Fund 440.7 463.9 +2.2 5.95

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441
Pearl Growth Fd. 31.8 34.2 +0.2 4.85
Accum Units 42.5 45.7 +0.3 4.85
Pearl Inc. 34.6 37.3xd +0.1 7.59
Pearl Unit Tst. 42.5 45.8 +0.2 6.01
(Accum. Units) 62.7 67.5 +0.2 6.01

Pelican Units Admin. Ltd. (g)(x)
57-63, Princess St., Manchester. 061-236 5685
Pelican Units 121.4 130.6xd +1.7 5.27

Perpetual Unit Trust Mngmt. (a)
48, Hart St., Henley on Thames 04912 6868
P'petual Gp. Growth 70.4 76.0 ... 3.39
P'petual Gp. Income 56.0 60.6xd ... 7.37

Practical Invest. Co. Ltd. (y)(c)
44, Bloomsbury Sq., WC1A 2RA 01-623 8893
Practical Oct. 7 187.4 199.8xd +0.6 5.41
Accum. Units 301.3 321.3 +1.0 5.41

Provincial Life Inv. Co. Ltd.
222, Bishopsgate, EC2. 01-247 6533
Prolific Units 115.9 125.3xd +0.1 3.60
Prolific Gilt Cap. 47.5 49.2 +0.4 4.17
Prolific High Inc. 152.4 164.8 +0.8 8.12

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c).
Holborn Bars, EC1N 2NH. 01-405 9222
Prudential 155.0 164.5xd +1.5 5.17
Vanbrugh Gilt 92.5 96.0xd +0.5 13.53

Quilter Management Co. Ltd.
The Stock Exchange, EC2N 1HP. 01-600 4177
Quadrant Gen. Fd. 144.7 150.8xd ... 4.22
Quadrant Income 113.8 117.4 ... 8.31
Quadrant Intl. Fund 154.7 159.5 ... 1.20
Quadrant Recovery 103.6 106.9xd ... 3.98

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
Opportunity Fund 79.3 84.8 ... 5.87
Sekforde Tst. (Acc.) 49.7 53.1 −0.3 4.91
Sekforde Tst. Inc. 42.7 45.7xd −0.2 4.91

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906
Income UT 69.2 74.4 +0.4 12.54
International UT 112.1 120.5 +0.1 1.65

Rothschild Asset Management (a) (g) (z)
72-80, Gatehouse Rd., Aylesbury. 0296 5941
N.C. Equity Fd 191.9 204.1xd +1.6 4.73
N.C. Engy Res Tst 191.9 204.2xd +2.6 2.44
N.C. Income Fd 139.4 148.2 +0.6 8.61
N.C. Intl Fd (Inc) 137.9 146.7 −0.3 0.77
N.C. Intl Fd (Acc) 144.6 153.8 −0.3 0.77
Smlr. Coys. Fd. 240.5 255.9 +0.4 4.07

Rowan Unit Trust Mngt. (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066
American Oct 1 104.5 108.9 ... 1.44
Securities Oct. 6 248.0 260.0 ... 4.65
High Yield Oct. 2 56.7 59.7 ... 10.68
(Accum. Units) 97.6 102.8 ... 10.68
Merlin Sept. 30 148.7 156.2 −0.5 4.15
(Accum. Units) 201.0 211.1 −0.6 4.15

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044
Capital Fund 82.2 88.3xd ... 4.70
Income Fund 60.4 64.9 ... 11.30
Prices on Sept. 30. Next dealing day Oct. 15.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351
International Funds
Capital 45.5 48.9 +0.1 2.81
I.T.U. 32.8 35.2 ... 4.52
Select International 337.1 356.7 +2.6 1.85
Univ. Growth 84.8 91.1 +1.5 0.78
Increasing Income Funds
High-Yield 50.6 54.4xd +0.1 8.56
Select Income 54.5 58.6xd +0.2 7.30
High Income Funds
Gilt & Fxd. Int. Inc. 43.3 45.6xd ... 13.71
High Return 59.0 63.4 +0.1 9.36
Income 38.9 41.8 ... 11.09
U.K. Funds
Gilt & Fxd. Int. Grth. 48.4 48.9xd +0.1 5.35
UK Equity 56.1 60.3 +0.5 4.59
Overseas Funds (z)
Europe 78.1 83.9 −0.2 1.32
Japan 123.6 132.9xd +0.7 0.10
S.E. Asia 74.0 78.4 +0.0 0.80
U.S. 114.8 123.4 +1.1 0.77
Sector Funds
Commodity 137.1 147.4xd +1.3 3.15
Energy 140.3 150.8 +3.2 1.29
Exploration Fund (z) 39.4 42.3 +0.4 0.26
Financial Secs. 95.1 102.2 +0.2 2.71
New Technology (z) 44.9 48.2 ... 0.25
Fixed-Interest Fund (z)
Intl. Bond Fd. 58.0 62.2xd +0.2 2.36
Exempt Funds
Exempt Income* 183.3 193.8xd ... 8.40
Exempt Intl.* 366.3 386.7 ... 0.88
Prices at Sept. 23. Next sub. day Oct. 14.

Scotbits Securities Ltd.
Scotbits 45.4 48.8 +0.2 4.55
Scotyield 46.8 50.3xd +0.2 8.69
Scotshares 77.8 83.6 +0.4 4.49

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733
Capital 170.5 183.3 +1.1 2.52
(Accum. Units) 220.7 237.3 +1.3 2.52
Income Fnd. 215.5 231.7 −0.4 8.34
(Accum. Units) 380.4 409.0 −0.7 8.34
Gen. 127.2 136.7 −0.9 4.45
(Accum. Units) 174.9 188.0 −1.1 4.45
Europe 22.5 24.1xd −0.4 2.95
(Accum. Units) 27.2 29.2 −0.3 2.95
Smaller Co.'s 145.4 156.3 −0.3 2.72
American 53.2 57.2 ... 0.28
(Accum. Units) 53.2 57.3 ... 0.28
Tokyo 54.6 58.9 ... 0.21
(Accum. Units) 54.8 58.9 ... 0.21
Gilt & Fixed 41.8 43.9 .. 13.10
(Accum. Units) 43.5 46.1 ... 13.10
Australian 51.1 55.5 +0.2 2.90
(Accum. Units) 51.4 55.8 +0.1 2.90
Singapore & Malay — — ... —
(Accum. Units) — — ... —
*Pn.&C. Fd. Sept. 22 241.4 259.5 ... 4.72
*Recovery Sept. 29 270.7 291.0 ... 4.56
*Spec. Ex. Sept. 15 491.1 517.7 ... 2.19
Euro.Except. Sept. 24 114.9 123.5 ... 2.23
*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844
Equity Trust Accum. 95.9 103.5 +0.9 5.69

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101
Income Units 59.5 63.3xd .. 5.45
Accum. Units 78.3 83.3xd .. 5.45
Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.
For Security Selection see McAnally Fund Management.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000
Pegasus Tst. Oct 5 81.9 88.0 −0.8 —

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425
SIMCO Call Fund† 100.0 — ... 15.55
SIMCO 7-Day Fund† 100.0 — .. 15.00
SIMCO 5 Fd. (7 day)† US$100.00 — 12.63
†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271
†American Fund 98.2 104.0 ... 2.00
Accum. Units 106.9 113.3 ... —
Withdrawal Units 80.2 85.0 ... —
*British Capital 187.1 200.4 ... 6.60
Accum. Units 219.1 234.7 ... —
**European Fund 85.0 91.1 +0.6 2.03
Deal. †Tues. & Fri. *Wed. **Mon. & Thur.

Sun Alliance Insurance Group.
Sun Alliance Hse., Horsham. 0403 64141
Ex. Eq. Sept. 9 £342.80 360.99 ... 4.33
The Family Fund. 129.6 137.8 +0.8 4.94

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
9-12 Cheapside, London, EC2V 6AL. 01-236 3841
Equity Dist.* £116.46 123.23 ... 5.35
Equity Acc.* £120.69 127.71 ... 5.35
Fixed Int. Dist.† £38.47 91.67 −3.23 15.17
Fixed Int. Acc.† £59.76 93.01 −3.27 15.17
*Prices at Sept. 9. Next dealing Oct. 14.
†Prices at Oct. 7. Next dealing Nov. 4.

Target Tst. Mngrs. Ltd. (a) (g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621-2
Commodity 67.3 72.4 ... 2.63
Energy 44.4 47.7 +0.4 0.83
Financial 94.3 101.4xd ... 4.15
Gilt Capital 125.3 131.2 +1.1 3.25
Gilt Income 81.7 85.5 +0.8 13.36
Investment Trust 48.0 51.6 −0.1 3.70
Special Situations 33.9 36.5 ... 2.92
American Eagle 40.6 43.7 +0.3 1.32
U.S. Spcl. Bond Fd. 23.3 25.0 ... 7.00
Malaysia & Sngpre 18.1 19.5 +0.1 1.23
Pacific Income 38.9 41.8xd −0.1 0.94
Pacific Re Inv 45.6 49.0 −0.1 0.99
Income 24.1 25.9xd ... 9.76
Extra Income 47.2 50.8xd −0.2 12.73
Preference Share 10.8 11.9xd −0.1 14.35
Equity 47.1 50.6 +0.6 5.73
Income and Growth 54.2 58.3 −0.1 3.40
Growth 37.0 39.8xd +0.6 4.00
Professl. Oct. 7 214.9 232.5 ... 4.67
Eqty. Ex. Int. Oct. 7 273.2 295.4 ... 6.17
Eqty. ExAcc. Oct. 7 434.4 469.6 ... 6.17
Cartiol N.Y. Oct. 7 31.4 33.9xd ... 11.34
Cartiol Acc. Oct. 7 51.7 55.9 ... 11.34

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX. 01-628 2612.
Income & Growth 20.0 21.2xd −0.2 8.23
Special Situations 28.5 30.3 −0.1 1.95

Trades Union Unit Trust Managers
100, Wood Street, E.C.2. 01-628 8011
TUUT Oct. 1 55.5 59.1xd ... 5.75

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651
Barbican Oct. 1 84.9 90.6 ... 6.46
(Accum. Units) 151.0 161.1 ... 6.46
Barb. Exempt Sept 30 61.3 62.7 ... 3.68
Colemco Oct. 1 171.5 180.6xd ... 7.03
(Accum. Units) 242.6 255.4 ... 7.03
Fielding Int. Oct. 1 118.6 125.6 ... 2.69
(Accum. Units) 123.3 130.5 ... 2.69
Glen Oct. 6 69.5 75.1 ... 4.59
(Accum. Units) 99.1 107.0 ... 4.59
Vangd. Gwth. Oct. 6 62.0 66.1 ... 3.32
(Accum. Units) 62.5 88.0 ... 3.32
Vangd. H.Y. Oct. 6 63.6 67.9 ... 11.00
Vangd. Tst. Sept. 30 50.3 53.1xd +1.3 6.46
(Accum. units) 61.7 65.1 +1.5 6.46
Wickmoor Oct. 1 80.6 85.6 ... 5.32
(Accum. Units) 108.4 115.0 ... 5.32
Wickm'r Div. Oct. 1 64.9 69.1 ... 9.97
(Accum. Units) 90.3 96.0 ... 9.97

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 32241
28, Castle St., Edinburgh. 031 225 1168
Capital 167.0 177.2xd +1.2 4.20
(Accum. Units) 262.0 277.5 +1.8 4.20
Income 88.6 94.0xd ... 8.92
(Accum. Units) 205.0 217.6 ... 8.92
Pref. 81.6 87.4xd +0.2 15.57
(Accum. Units) 140.0 149.8 +0.2 15.57
Exempt 117.8 126.2xd +0.4 10.18
(Accum. Units) 204.4 218.8 +0.6 10.18
Int. Erns. 76.0 80.6xd +0.4 5.54
(Accum. Units) 97.8 103.8 +0.6 5.54
North Amer. Grth. 69.0 72.2 −0.6 4.27
(Accum. Units) 72.7 76.0 −0.6 4.27
Far Eastern 65.0 68.8xd +1.1 2.79
(Accum. Units) 66.0 69.9 +1.1 2.79
Gilt Income 84.8 87.3xd +0.3 14.10
(Accum. Units) 93.1 95.8 +0.3 14.10
Natural Resources 163.6 173.6xd +1.4 4.18
Accum. Units 218.4 231.6 +1.8 4.18
Scot. Inc. 156.6 166.2 −0.2 10.50
Ldn. Wall Cap. Gwth. 75.5 80.8 +0.2 4.10
(Accum. Units) 90.2 96.6 +0.4 4.10
Ldn. Wall Ex.Inc.Gwth 22.1 23.9 ... 12.20
(Accum. Units) 33.8 36.8 ... 12.20
Ldn. Wall Fin. Ppty 22.3 23.9 ... 4.58
(Accum. Units) 30.5 32.7 +0.1 4.58
Ldn. Wall Hi. Inc. Ppty 42.5 45.9 −0.2 10.46
Ldn. Wall Intl. 34.7 37.2xd +0.2 3.23
Ldn. Wall Spec. Sits. 32.1 34.4 +0.1 2.46

Tyndall & Co.—Deposit Funds
Demand Fund* — — ... 15.61
Money Fund* — — ... 15.00
*Unauthorised—Cash Deposit Funds.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG.
0264 62188. Dealings to 0264 63432-3
TSB General 60.9 65.5 +0.5 4.64
Do. Accum 87.3 93.9 +0.7 4.64
TSB Income 70.7 76.1 +0.1 7.95
Do. Accum. 88.1 94.8 +0.2 7.95
TSB Pacific — 50.0 ... 0.70
Do. Accum. — 53.0 ... 0.70
TSB Scottish 117.2 126.1 +0.2 2.30
Do. Accum. 133.6 143.7 +0.2 2.30

Ulster Bank (a)
Waring Street, Belfast. 0232 35231
(b)Ulster Growth 37.7 40.5 +0.3 6.32

Unit Trust Account & Mgmt. Ltd.
Regis Hse, King William St, EC4R 9R. 01-623 4951
Friars Hse. Fund 55.2 58.8 ... 5.09

INSURANCE & PROPERTY

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111
Equity Fund 44.3 46.7 −0.5 —
Equity Acc. 42.4 44.7 −0.5 —
Property Fd. 225.0 236.9 ... —
Property Acc. 254.6 268.1 ... —
Selective Fund 134.0 141.1 −0.8 —
Convertible Fund 168.5 177.4 ... —
Money Fund 157.0 165.3 ... —
Prop. Fd. Ser. 4 201.4 212.0 ... —
Man. Fd. Ser. 4 178.6 188.1 −0.9 —
Equity Fd. Ser. 4 47.9 50.5 −0.5 —
Conv. Fd. Ser. 4 142.8 150.4 ... —
Money Fd. Ser. 4 142.6 150.2 ... —
Fixed Int. Fd. Ser. 4 99.9 105.2 ... —
High Inc. Fd. Ser. 4 98.4 103.6 −0.5 —
American Fd. Ser. 4 113.6 119.6 +0.3 —
Pension Property 303.4 319.4 ... —
Pension Selective 134.6 141.7 −0.9 —
Pension Managed 257.7 271.3 −1.4 —
Pension Security 202.3 213.0 ... —
Pension Equity Fd. 239.1 251.7 −3.5 —
Pension Fixed Int. 93.8 98.8 ... —

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962
Equity Fd. Acc. 279.0 293.6 −1.3 —
Fixed Int. Acc. 170.3 179.2 −0.8 —
Gtd. Money Fd. Ac. 147.5 155.3 ... —
Intl. Man. Fd. Acm. 154.4 162.4 −1.5 —
Intl. Fxd. Int. Fd. 103.8 109.2 ... —
Prop. Fd. Acc. 154.8 162.9 ... —
M'ple Inv. Acc. 229.2 241.2 −1.3 —
Equity Pen.Fd.Acc. 369.8 389.2 −2.1 —
Fixed I.Pen.Acc. 258.7 272.3 −1.3 —
G'td.Mon.Pen.Acc. 196.8 207.1 ... —
Intl.Mn.PeFdAcc. 179.9 189.3 −2.0 —
Prop.Pen.Acc. 200.7 211.6 ... —
M'ple Inv.Pen.Acc. 322.6 339.6 −2.0 —

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122
Managed Fd. 176.0 185.5 ... —
Money Fd. 135.8 143.0 ... —
Equity Fd. 140.8 148.4 ... —
Fixed Int. Fd. 78.2 82.4 ... —
Property Fd. 136.7 144.0 ... —
Managed Pen. Fd. 137.6 145.0 ... —
Equity Pension Fd. 95.1 100.2 ... —
Fixed Int. Pens. Fd. 103.7 109.3 ... —
High Yield Pens. Fd. 103.8 109.4 ... —
Money Pension Fd. 102.8 108.3 ... —
Property Pension Fd. 101.2 106.6 ... —
Flexifund 106.2 111.9 ... —
AMEV/Framlington
American & Gen. Fd. 135.0 142.3 ... —
Income Fd. 114.1 120.2 +0.5 —
Intl. Growth Fd. 143.7 151.4 ... —
Capital Fund 118.5 124.9 +1.3 —

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544
Barclaybonds 158.2 166.6 +0.3 —
Equity 153.1 161.2 +0.3 —
Gilt-edged 115.3 121.4 +0.3 —
International 114.0 120.1 ... —
Managed 136.5 143.7 +0.2 —
Money 127.1 133.8 +0.1 —
Property 169.3 178.3 +0.1 —
Man.Pens.Accum. 158.3 166.7 ... —
Do. Initial 140.2 147.6 ... —
Gilt EdgPens.Acc. 132.0 139.0 ... —
Do. Initial 113.3 119.3 ... —
Money Pens. Acc. 148.8 156.7 ... —
Do. Initial 128.7 135.5 ... —

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288
Black Horse Man. Fd. 158.20 ... —
Managed Inv. Fd. 113.41 119.38 ... —
Property Fd. 118.89 125.15 ... —
Fixed Interest Fd. 99.06 104.28 ... —
Cash Fd. 119.27 125.55 ... —
Income Fd. 105.02 110.55 ... —
Extra Income Fd. 98.89 104.10 ... —
Worldwide Growth Fd. 142.92 150.45 ... —
Balanced Fd. 111.15 117.00 ... —
Smlr Co's & Recy. Fd. 109.68 115.46 ... —
Int. Technology Fd. 150.06 157.96 ... —
Nth. Amer. & Gen. Fd. 110.15 115.95 ... —
Energy Int. Fd. 94.49 99.47 ... —

Canada Life Assurance Co.
2-6, High St., Potters Bar, Herts. P. Bar 51122
Equity Gth. Fd. Oct. 1 67.4 ... —
Retmt.Fed.Sept.6 168.8 ... —

OFFSHORE & OVERSEAS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]						

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42		Q2.5c	—	3.7
41	14	ACM 20c	22	−1	—	—	—
21	10	Argosy Gold NL 25c	10		—	—	—
229	134	Bond Corp.	136	+2	Q10c	2.3	4.6
112	70	Bougainville 1 Kina	82	+2	‡Q25.4c	1.0	‡
302	194	CRA 50c	210		Q19c	1.7	5.5
25	10½	Canada Northwest	11	−½	—	—	—
35	13	Carr Boyd 20c	15		—	—	—
415	43	Central Pacific	44		—	—	—
35	9	Cons. Gold Min N.L. 50c	9		—	—	—
47	13	Coltus Pacific N.L.	16	−1	—	—	—
68	22	Eagle Corp. 10c	32		—	—	—
40	26	Endeavour 20c	26½		—	—	—
560	310	G. M. Kalgoorlie 25c	500	−15	Q32½c	φ	3.0
25	8	Great Eastern	9		—	—	—
185	80	Greenbushes Tin 50c	90		Q6c	1.9	4.1
275	140	Hampton Areas 10p	145		2.5	3.1	2.5
168	36	Haoma Gold N.L.	38	−1	—	—	—
85	20	Intl. Mining	20	−2	—	—	—
118	29	Jimberlana (50cFP)	32	−2	—	—	—
15	10	Kalbara Min 20c	11	−1	—	—	—
245	135	Kitchener NL 25c	170		—	—	—
105	20	Leichhardt Expln.	22		—	—	—
430	275	Meekatharra	370	−10	—	—	—
70	40	Metals Ex. 50c	43	+1	§Q3c	φ	4.1
38	20	Metramar Mns. 20c	23		—	—	—
20	10	Mid East Mins. NL	11½	+1	—	—	—
290	190	M.I.M. Hldgs. 50c	240	−3	Q15c	φ	3.9
21	7½	Minefields Expl 25c	9½		—	—	—
20	13	Newmetal 20c	16		—	—	—
69	41	Nickelore N.L.	41	−1	—	—	—
204	149	North B. Hill 50c	169	+6	Q16c	φ	6.7
84	50	Nth. Kalgurli	78	−1	—	—	—
200	94	Nth. Mining Corp	176#		φ—	—	—
122	26	N. West Mining N.L.	27	−2	φ—	—	—
150	106	Oakbridge 50c	112	−2	Q6½c	φ	3.6
185	90	Oilmin N. L.	90	−5	—	—	—
188	116	Pacific Copper	116	−4	—	—	—
*423	140	Pancont'l 25c	142	−2	—	—	—
88	42	Paringa M&Ex 5p	72		φ—	—	—
525	375	Peko-Wallsend 50c	390		Q15c	—	2.4
43	16	Pelsart Res NL	16		—	—	—
120	58	Seltrust A	66	−2	—	—	—
157	18	Southern Pacific	21		—	—	—
100	40	Swan Resources 20c	50	−2	—	—	—
316	75	Vultan Mins 20c	75		—	—	—
18½	8	West Coast 25c	11	+2	—	—	—
130	90	Westn. Cont 50c	95	−5	—	—	—
335	227	Westn. Mining 50c	283xd	+5	Q14c	φ	3.0
27	14	Westmex	14		—	—	—
76	38	Whim Creek 20c	44	−2	—	—	—
101	25	York Resources	27	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9		‡6.0	—	—
300	210	Ayer Hitam SM1	210		‡Q205c	1.0	‡
210	98	Geevor	165		—	—	—
11	8	Gold & Base 12½p	9		—	—	—
660	475	Gopeng Cons.	475		‡30.0	1.8	‡
450	310	Hongkong	320	+10	21.0	φ	9.4
160	110	Idris 10p	155#		‡9.0	0.8	‡
*29	10	Jantar 12½p	20	−1	d1.5	4.0	10.7
98	65	Kamunting SM0.50	65		Q27½c	0.8	0.0
665	363	Killinghall SM1	500		hQ66.7c	φ	3.0
114	88	Malay Dredging 10c	114#		φhQ33c	0.9	7.7
68	30	Pahang	30		‡0.63	0.8	‡
118	90	Pengkalen 10p	107		3.5	0.6	4.7
380	290	Petaling SM1	290		‡Q180c	1.4	‡
25	19	South Crofty 10p	24#		—	—	—
225	185	Sungei Besi SM1	185	−5	Q310c	1.1	37.8
185	90	Supreme Corp. SM1	90	−10	gQ15½c	φ	3.9
118	100	Tanjong 15p	100		3.5	3.7	5.0
90	60	Tongkah H. Tin $M1	60	−2	Q23%	0.4	7.7
410	220	Tronoh SM1	220xd		‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	325	+5	†Q45c	4.7	7.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	45	+5	—	—	—
25½	13	Burma Mines 10p	13	−1	0.75	0.9	8.2
330	85	Colby Res. Corp.	125	−10	—	—	—
330	200	Cons. Murch. 10c.	270		†Q30c	1.8	6.4
10	6	††Explaura Gold	10		—	—	—
98	47	††Hemerdon 10c.	47		—	—	—
180	65	Highwood Res.	105	+5	—	—	—
505	260	Northgate C$1	310	+5	—	—	—
633	372	R.T.Z.	475	+1	16.0	2.3	4.9
£130½	£93½	Do. 9¼% Cv. Un.Ln. 95-2000	£106		Q9½%	—	f9.2
103	13	††SPO Minerals 10p	24	+1	—	—	—
47	20	Sabina Inds. C$1	20		—	—	—
44	21	††SWCM 10p	24	−1	—	—	—
585	465	Tara Exptn. $1	555	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution: this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue. cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

φφ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40xd	
Bertrams	8	
Bdg'wtr. Est. 50p	400xd	
Craig & Rose £1	£13	
Finlay Pkg. 5p	21½xd	
Graig Ship. £1	£21	+2
Higsons Brew	65	
Holt (Jos) 25p	515xd	+5
I.O.M. Stm. £1	148	−2
Pearce (C. H.)	730	
Peel Hldgs.	102	
Sheff. Refrshmt	90	
Sindall (Wm.)	190	

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92	
Nat 9¾% 84/89	£68⅝	
Fin. 13% 97/02	£72½	
Alliance Gas	42	−6
Arnott	212	
Carroll (P.J.)	74	
Concrete Prods.	90	
Heiton (Hldgs.)	26	
Irish Ropes	42	
Jacob	64	+4
T.M.G.	16	
Unidare	65	

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	18
BOC Intl.	11	"Imps"	5	Woolworths	5
B.S.R.	7	I.C.L.	4		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	15
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	8	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	17	Plessey	26	KCA	12
Dunlop	7½	Racal Elect.	34	Premier	6
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	16	Thorn EMI	50	Charter Cons.	21
G.U.S. 'A'	41	Trust Houses	15	Cons. Gold	40
Guardian	30	Tube Invest.	18	Lonrho	7
G.K.N.	12	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday October 8 1981

Insurance charge cut backed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

DEMANDS by industrialists for the Government to cut the national insurance surcharge are likely to be backed by Mr Patrick Jenkin, the Industry Secretary, in Cabinet discussions in the coming months.

A strong hint that he intends to take this line against what is likely to be strong Treasury oppositon came last night when he told a businessmen's dinner that he saw himself as "industry's voice in the Government."

This sharp departure from the general approach to industry's problems adopted by his predecessor, Sir Keith Joseph, emerged when Mr Jenkin made his first public speech since taking on the job last month.

It is understood to reflect concern among senior Ministers who back the Government's present policies that, while there can be no major shift in the economic strategy, industrialists must be courted and persuaded that their problems are not being ignored.

Mr Jenkin told the Energy Industries' Council: "We must reduce the burden of taxation, and I believe I am interpreting industry's views aright if I say that the national insurance seurcharge is now top of your hit list."

This will please leaders of the Confederation of British Industry who have recently reopened a two-year-old campaign for the surcharge to be gradually abolished.

They say that such a move is urgently needed to help offset industry's rising costs following the recent 4 percentage point rise in interest rates.

They believe that such a move would be more politically palatable for the Government than other more interventionist or reflationary policies.

The surcharge was introduced in 1977, and is estimated by the CBI to raise the Government £3bn a year from industry.

The CBI has said that even a reduction in the rate of the surcharge from its present 3½ per cent to 1½ per cent would, after about two years, provide companies with sufficient help to boost exports by about £1bn and to create 200,000 job vacancies.

Mr Jenkin's intention to represent industry's views in the Government will also please industrialists, who felt that their problems were not sufficitntly understood by Sir Keith.

"I am in no doubt that Government can and must do everything in its power to help industry to meet the challenge, and to work with industry in overcoming the obstacles that stand in our way," said Mr Jenkin.

"This is where I come in. I see my job as Secretary of State for Industry as being industry's voice in government."

On Monday Mr Jenkins indicated a possible new government line over development of a positive industrial policy when he agreed that the National Economic Development Office should study the detailed impact of such policies elsewhere in Europe.

Japan holds up export credit rates agreement

By Paul Cheeseright

THE OUTLINES of a truce in the gathering war between industrialised countries over export credit interest rates were drawn up in Paris yesterday.

But a full agreement was held up by the reluctance of Japan to make a concession involving 0.25 of a percentage point on the interest rates.

The EEC, U.S. and ten other nations reached general agreement on new conditions to govern the terms under which medium-term and long-term loans are given to developing countries to support capital projects.

However, Japan has held back acceptance and has put the package at risk because its conventional interest rates are lower than those prevailing in the West. It wished to offer officially subsidised export finance at its long-term prime rate which is 8.5 per cent.

The Japanese delegation accepted the principle that its official finance should be offered at a premium above this rate, but would not go further than a rate of 9 per cent. Other nations wanted Japan to reach a rate of no less than 9.25 per cent. This is still less than the other nation's rates, but would have narrowed the gap.

Whether Japan will be prepared to move the further 0.25 percentage points will be known within two weeks. At the same time, the U.S. and EEC delegations will have to win acceptance by their respective governments of their stands at the Paris talks. In both cases, the delegations exceeded their mandates.

A final agreement would reduce the level of official subsidies used to support export credits. The UK and France, especially, have been bridging the gap between the market cost of funds and the lower rate at which they have been offered to buyers with public money. In the UK, the cost in the 12 months to March was about £500m.

The Paris talks sought to reform the arrangement on guidelines for officially supported export credit. This specifies the minimum interest rates for loans, with a maturity of between two and 10 years, offered to buyers of mainly capital equipment outside the industrialised world.

The arrangement, known as the consensus, has a pattern of interest rates ranging from 7.5 to 8.75 per cent—far below the present market cost of money in the majority of the main financial centres.

All the 22 nations in the consensus, except Japan, agreed in Paris that this pattern of interest rates should be increased by between 2.25 and 2.5 per cent, to a range of 10 to 11.25 per cent.

A new agreement would check the abuses of the present consensus system. Heavier use of subsidies on the European side has been matched by U.S. moves to extend the maturity of loans beyond 10 years.

THE LEX COLUMN

Money rates come off the boil

There is nothing like the hint of a drop in interest rates to help financial markets to recover their nerve. With Eurodollar rates looking soft and sterling showing a burst of strength against the dollar, sterling money market rates featured their sharpest one-day falls for quite a while. Seven-day rates were off as much as a point and three-month rates by about half as much—not yet enough to make the clearing banks' 16 per cent base rates look out of line but sufficient to remind people that it is possible to be bullish and still make money.

In gilt-edged, the whisper got around that foreign buyers were back, though their nationality—Arab or American—appeared to be variable. Whatever the truth, domestic buyers were tempted to start nibbling again, spurred on by the thought that with the Government Broker able to deal in his three new £250m taplets today, they might be unwise to wait for a great big bell—in the shape of a large, juicily priced traditional tap issue—to be rung at the bottom.

Index rose 11.7 to 486.7

Hong Kong

Yesterday's annual report by the Governor of Hong Kong seemed hardly to relate to an economy which had just suffered the most severe of all the recent stock market shake-outs around the world. The government is running a healthy budget surplus, real growth in GDP should still be around 10 per cent this year and total exports are expected to rise by 15 per cent in real terms. Yet the Hang Seng index has fallen more than 35 per cent in less than three months.

The collapse in equity prices can be traced directly to weakness in property values and here the Governor offered no cause for optimism. The government is stepping up land and housing development to meet the colony's housing shortage. This may not affect blue-chip companies like Hongkong Land much but it will certainly not please smaller developers with green field sites and empty flats.

Hong Kong stocks finished generally higher in London yesterday, helped by a further fall in short term U.S. interest rates and news that a Chinese syndicate was prepared to invest at least HK$2bn in the stock market. But, with the Hong Kong dollar still under pressure and local money supply out of control, there is no guarantee that lower U.S. rates will automatically allow Hong Kong primes to fall. And, until that happens, there is little chance of a durable recovery in share prices.

Grand Met.

Grand Metropolitan's circular to its shareholders underlines the sheer scale of its bid for Intercontinental Hotels. Gross borrowings of the combined businesses are £978m—the net figure will not be much lower—which compares with net assets of perhaps £1.26n and a market capitalisation of £890m. Financing costs of the acquisition could exceed its profits contribution by the best part of £20m in year one. But after initial weakness, Grand Met's shares have been relatively steady for some time, and the prospect of a rights issue at some future date must now be in the share price.

Christies

In spite of the recession, business by the fine are auction houses seems to have been fairly resilient, and Christies International has reported a 10 per cent increase in sales for the first half—although costs have been rising rather faster at 24 per cent. So pre-tax profits have slipped 10 per cent to £8.3m, and this includes a helping hand from currency gains on working capital taken above the line; trading profits fell by a quarter.

Sales in the U.S. have been squeezed slightly in dollar terms, but this compares with an exceptionally good period last year. More encouraging is the rise in the ratio of turnover to gross sales, which suggests that the group has been able to maintain at least the average level of vendors' commissions. Meanwhile, with the expansion in New York and Amsterdam completed, costs should be more restrained from now on; nevertheless, the pre-tax outcome for the year may be at best £6m, against £7m.

The share price has recovered with the settlement of the dealers' legal action last week, and yesterday moved up a further 5p to 168p. This produces a prospective yield of [illegible] per cent—a high enough rating until the pattern of the current sales session becomes more visible.

Sector incomes

Yesterday's sector income figures do not make encouraging reading. They confirm the switch in pressure from the corporate sector to the personal, and underline how consumer spending has held up so far only because of a rapid decline in the proportion of income devoted to saving. The savings ratio has dropped from more than 16 per cent over the latter half of 1980 to barely 12½.

Meanwhile, real disposable incomes have been dropping this year for the first time since 1977, and pretty sharply too. In the second quarter they were running 3 per cent below the level of a year earlier. The double turn of the base rate screw last month must now affect the confidence of both consumers and industrialists.

EEC fines Michelin on restrictive practices

By Giles Merritt in Brussels

MICHELIN, France's giant tyre-producer, has been fined almost $700,000 (£375,000) by the European Commission for systematically operating a restrictive distribution network designed to freeze competitors out of the market in the Netherlands.

The EEC action is understood to be a warning from the Brussels authorities against a variety of breaches of Community competition rules practised by motor car and components manufacturers in Europe.

Michelin's Dutch dealerships were singled out because they yielded the hardest evidence of rebates and financial incentives aimd at excluding newcomers to the commercial tyres markets.

The first result of the Commission decision is thought to be that Michelin will have to overhaul its marketing methods throughout Europe or face a barrage of further cases from Brussels.

A secondary effect is that other tyre manufacturers will be prompted to review their distribution arrangements.

Other motor components suppliers may also come under closer scrutiny by the competition authorities as part of a drive by Brussels that includes examination of restrictive car-pricing policies in various Community markets.

The fine on Michelin was handed down yesterday after stormy disagreement in the European Commission

Mr Frans Andriessen, the Dutch EEC Commissioner responsible for competition matters, had originally demanded a fine double that imposed.

M Francois-Xavier Ortoli, the French EEC Commissioner responsible for financial and monetary affairs, was reported to have opposed the fine recommended by Mr Andriessen and was backed by Viscount Etienne Davignon, the Belgian EEC Industry Commissioner.

The Commission decision to move against Michelin is viewed in Brussels as an important development.

It is the first time that the European Commission has resorted to use of Articles 85 and 86 of the Rome Treaty, those demanding free movement of goods and banning unfair trade practices, when the matter could have been handled by national authorities, Commission officials said.

Brussels acted because Michelin's distortion of competition in the Dutch market influenced the tyre trade elsewhere in the EEC.

Ministers plan to counter Heath criticism of policy

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS ARE planning a concerted campaign to counter the demands of Mr Edward Heath for a reassessment of government economic policies and a return to consensus politics.

No direct attack on the former leader is planned, but his views will be rejected in a series of speeches, beginning tonight with Chancellor of the Exchequer Sir Geoffrey Howe's address of a Croydon Northwest by-election meeting.

To the alarm of Tory leaders the view of the Government's critics look likely to gain considerable publicity before next week's Conservative party conference at Blackpool.

Mr Geoffrey Rippon, MP for Hexham, and a former cabinet minister, plans to develop Mr Heath's attack in a speech at Cambridge University today and a critical pamphlet from a group of Conservative MPs will also be published.

There will also be support for Mr Heath among businessmen. The Confederation of British Industry is split between basic loyalty to the Government and growing concern over the recession, and businessmen are likely to criticise the Government's policies at both the Conservative Party conference and the CBI's own conference early next month.

The Conservative MPs' pamphlet urges the Government to cut unemployment levels and improve electoral popularity by injecting up to £5bn into capital projects over the next two years, and by cutting employers' national insurance contributions.

Although the document defends the Government's achievements, its tone will be taken as a condemnation of Mrs Thatcher's adherence to monetarist policies.

Both Mr Heath and Sir Ian Gilmour, sacked by the Prime Minister in her cabinet reshuffle last month, plan to make major speeches on the economy at conference fringe meetings.

The danger from the Government's viewpoint is that the recent rise in interest rates and mortgage rates, the continuing rise in unemployment and the gloomy prospects for the economy will give impetus to the demands for change. Ministers could therefore find themselves spending next week defending their policies against much more vociferous opposition than they expected.

In a veiled attack on Mr Heath, Mr Teddy Taylor, Tory MP for Southend East, said yesterday that the last people who should be complaining about current economic policy were Labour and Conservative politicians who had created the major problems Mrs Thatcher was seeking to resolve.

In a speech in his Southend constituency he said that Mrs Thatcher was entitled to support from those who had created the debt problem. Instead she was being subjected to "carping criticism."

A plea for party unity was issued last night by Mr Edward DuCann, chairman of the Conservative 1922 Back Bench Committee. "We are not Tony Benns in the Tory Party" he declared in Chislehurst.

Ministers will be encouraged by the fact that businessmen's support for Mr Heath is qualified. He will receive widespread backing for airing concern over the country's economic prospects and for attacking high interest rates.

His call for cutting the National Insurance Surcharge (now likely to be backed by Mr Patrick Jenkin, Industry Secretary) is at the top of the CBI's current policies, as is his demand for the Government to go ahead with selective capital investment.

But Mr Heath is likely to receive far less support for his protectionist proposals to build a "ring fence" around European currencies.

Economic viewpoint, Page 23

SDP appeal to dissident Tories

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

A DIRECT appeal to Tory dissidents to join the Social Democrats came from one of the new party's leaders yesterday in the wake of Mr Edward Heath's attack on Monday on present Government economic policies.

The SDP, was not a "Labour Party Mark 2" and was as relevant to disillusioned Conservatives as it was to ex-Labour supporters, Mr Roy Jenkins said in Bradford at the SDP's conference.

His appeal, clearly aimed at exploiting Mr Heath's speech, came as another two Labour MPs joined the party, bringing the total number of SDP MPs at Westminster to 21.

After three days of speculation, the party was finally able to produce for the conference its biggest catch yet from Labour, Mr Tom McNally, MP for Stockport South and a former aide of Mr James Callaghan, former Labour leader.

He was joined on the platform by the second recruit of the day, Mr James Dunn, MP for Liverpool Kirkdale and a former Labour Northern Ireland Minister. Another Labour MP, Mr Eric Ogden, is expected to leave the party within the next few days, bringing the total number of defectors since last week's Labour Party conference to six.

This will mean that Mr Denis Healey's margin of victory in the deputy leadership contest over Mr Tony Benn has virtually been eroded: the size of his majority in the poll was equivalent to the votes of five or six MPs.

Mr McNally's decision to join the SDP is a serious blow to Labour moderates who are committed to fighting the extreme left from within the Labour Party. It undermines their claim that the Labour conference should have convinced Labour moderates that the gains of the left had been stopped.

Mr McNally and Mr Dunn received a standing ovation from the SDP members.

Conference reports, Page 9

Lloyd's refuses to pay £1m claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LLOYD'S UNDERWRITERS refused to pay a £1m cargo insurance claim because, they alleged, the vessel carrying the cargo was deliberately scuttled, the High Court was told yesterday.

The underwriters contended that when the vessel, the Makedonia, sank off Cyprus in September, 1979, its cargo of canned corned beef was four smelling, "flea and/or worm infested, rotting and worthless."

She was scuttled as a result of a fraudulent conspiracy to which the managing director of the cargo owners was a party, the underwriters alleged.

The cargo owners, meat traders Euro-Afro Traders, an Isle of Man company, and J. Lindsey (Holdings), contended that the sinking was fortuitous and resulted from a peril of the sea covered by the insurance.

They sued Mr. Colin Hart, of Lloyd's syndicate No.868, as representative of the group of syndicates concerned in the cargo insurance.

Mr John Watson, counsel for the cargo owners, told Mr Justice Lloyd in the Commercial Court that the scuttling allegation was denied.

It was clear that the vessel had been lost because she had been seo badly loaded as to be totally unstable.

He said that Mr Graham Vaughan, managing director of Euro-Afro and Lindsey, bought 705 tonnes of corned beer for £100,000 in 1977.

The Department of Health and Social Security told him that the meat could be sold in the UK only for pet food, as part was suspect, so Mr Vaughan decided to try to sell it in the Middle East.

A Lebanese contact said he could find a buyer for £800,000, but by the time the meat arrived in Cyprus, for transhipment to the Lebanon, part had been damaged, about 150 tonnes had to be destroyed on the orders of the Cyprus health authorities, and the deal fell through.

Mr Vaughan arranged a sale to the Palestine Liberation Organisation for £795,000, but when that sale fell through Mr Vaughan negotiated a sale for £900,000 to one side in the Lebanese civil war and arranged for the meat to be transferred to the Makedonia for shipment.

The Makedonia developed a serious list and about 80 tonnes of meat had to be jettisoned.

She was then ordered to leave Lanaca because she was regarded by the harbour authorities as in danger of sinking and polluting the harbour.

Mr Vaughan paid another ship to tow the Makedonia out. No one was aboard the Makedonia, her capitain and Mr Vaughan on the other ship.

Several miles off Lanaca Mr Vaughan and the Makedonia's captain went across to her. On their return they reported that she was in a hopeless state.

Shortly afterwards the Makedonia developed a 30 degree list and the following day she sank.

In their defence the underwriters allege that, while aboard the Makedonia, her captain and Mr Vaughan took steps to scuttle her.

The hearing, expected to last several weeks, continues today.

Continued from Page 1

Egypt

formerly opposed the deal have switched sides since Mr Sadat's murder.

Nevertheless, the House Foreign Affairs Committee yesterday dealt Mr Reagan his first, though expected, congressional setback on the sale—voting 28 to 8 against. But the President appeared to be making some progress in the Senate after what was described as a "passionate hard sell" at a White House meeting attended by 43 Republican senators. Majorities in both Houses are required to block the deal.

David Satter reports from Moscow: The Soviet Union yesterday sent a markedly cool note of condolence to Egypt over the assassination of Mr Sadat.

The message from the Presidium of the Supreme Soviet to Mr Abu Taleb, Egypt's interim President, offered condolences "in connection with the daeth" of Mr Sadat and expressed sympathy to his next of kin.

In a break with normal Soviet practice, Mr Leonid Brezhnev, the Soviet President, did not sign the message personally and there was no reference to "deep" condolences, which is traditional in messages of this kind.

Warren

Continued from Page 1

body, the group could not buy more Warren shares until seven days after its original offer had been announced. That seven day period expired yesterday morning.

Brokers for International went into the stockmarket to buy shares at 240p per share, but McLeod moved in swiftly offering to buy shares at 240.5p. for their survival and stability.

McLeod had increased its offer from its original bid last week of 215p per share to terms which it says are worth 240.5 per share. The new offer valued Warren at £25.31m compared with International's offer of £25.25m.

In the stockmarket McLeod managed to acquire 3.67 per cent of Warren's shares at its new offer price and receive further support of shareholders for its bid. Support for the McLeod offer gave it 50.00001 per cent of Warren's equity.

The Council for the Securities Industry said yesterday it would study this latest bid if it decided to revise its rules for curbing fast takeovers.

Weather

UK TODAY

A TROUGH of low pressure will cross southern districts. Another will approach quickly from the west.

England, Wales, N. Ireland
Strong winds. Rain with sunny periods. Max 15C (59F).

Scotland
Winds strong to gale. Showers with sunny periods. Wintry on hills. Max 8C (46F).

Outlook: Windy and cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	L. Ang.†	C	17	63
Algiers	S	28	82	Luxmbg.	F	12	54
Amsdm.	F	14	57	Luxor	S	35	95
Athens	S	30	86	Madrid	S	20	68
Bahrain		—	—	Majorca	S	29	84
Barclna.	S	25	77	Malaga	S	22	72
Beirut	S	27	81	Malta	S	29	84
Belfast	F	9	48	Mchstr.	F	11	52
Belgrd.	S	28	82	Melbne.		—	—
Berlin	S	15	59	Mx. C.†		—	—
Biarritz	F	17	63	Miami†	F	25	77
Bmghm.	F	10	50	Milan	C	20	68
Blackp'l	F	11	52	Montr'l†	R	7	45
Bordx.	C	17	63	Moscow	S	15	59
Boulgn.	F	13	55	Munich	F	16	61
Bristol	R	12	54	Nairobi		—	—
Brussels	C	14	57	Naples	S	27	81
Budpst.	S	23	73	Nassau		—	—
Cairo		—	—	Nwcstl.	F	11	52
Cardiff	F	13	55	N York†	S	13	55
Casbca.	C	25	77	Nice	S	23	73
Capo T.		—	—	Nicosia	S	28	82
Chicg.†	F	4	39	Oporto	S	18	64
Cologne	C	15	59	Oslo	C	12	54
Cpnhgn.	F	14	57	Paris	F	17	63
Corfu	S	27	81	Perth		—	—
Denver†	F	8	46	Prague	F	17	63
Dublin	F	11	52	Rykjvk.	F	2	36
Dbrvnk.	S	25	77	Rhodes	S	27	81
Ednbgh.	F	12	54	Rio J'o†		—	—
Faro	C	17	63	Rome	S	26	79
Florence	F	24	75	Salzb'rg	R	13	55
Frankf't	F	15	59	S'ciscot	R	14	57
Funchal		—	—	S. M'ritz		—	—
Geneva	F	20	68	Singapr.		—	—
Gibrltr.	S	21	70	S'tiagot		—	—
Glasg'w	F	11	52	Stckhm.	R	11	52
G'rnsey	F	13	55	Strasb'g	S	19	66
Helsinki	R	10	50	Sydney		—	—
H. Kong		—	—	Tangier	C	24	75
Innsbr'k	F	16	61	Tel Aviv	S	27	81
Invrnss.	C	7	45	Tenerife	S	25	77
I.o.Man	S	11	52	Tokyo		—	—
Istanbul	S	24	75	T'r'nto†	C	7	45
Jersey	C	15	59	Tunis	S	31	88
Jo'burg		—	—	Valencia	S	26	79
L. Plms.	F	24	75	Venice	C	19	66
Lisbon	S	19	66	Vienna	C	19	66
Locarno	C	20	68	Warsaw	C	18	64
London	F	14	57	Zurich	F	17	63

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

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